

USAID KOSOVO PRIVATE ENTERPRISE PROGRAM (KPEP)

QUARTERLY REPORT FOR THE QUARTER ENDING JUNE 30, 2010

USAID KOSOVO PRIVATE ENTERPRISE PROGRAM
Implemented by
Booz Allen Hamilton

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LIST OF ACRONYMS

ABA-CEELI	American Bar Association – Central European and Eurasian Law Institute
AD Administrative Decision	
ADI Association Development Index	
AEI Agency for European Integration	
AFAS	Association for Finance and Accounting Services
AgCLIR Agribusiness Climate, Legal and Institutional Reform	
AgSTRAT	Agricultural Strategy
AITA	ICT Association of Albania
AKA	Alliance for Kosovo Agribusiness
AKTA	Association of Kosovo Tourist Agencies
AmCham	American Chamber of Commerce
AMIK	Association of Microfinance Institutions of Kosovo
AUK	American University in Kosovo
AWPK	Associations of Wood Processors in Kosovo
B2B	Business To Business
BCC	Business Club Center
BEE Business Enabling Environment	
BizCLIR	Business Climate, Legal and Institutional Reform
BMM	Building Materials Manufacturers
BPO	Business Process Outsourcing
BSCK	Business Start-Up Center Kosovo
BSP	Business Service Providers
BSS	Business Support Services
CAGR	Compound Annual Growth Rate
CCMI	Center for Communications Management Information
CCN	Cooperating Country National
ccTLD	country code Top Level Domain
CEE	Central and Eastern Europe
CEED	Center for Entrepreneurship and Executive Development
CEFTA	Central European Free Trade Agreement
CLDP	Commercial Law Development Program
CMC	Certified Management Consultant
CMT	California Mastitis Test
CMT	Cut-Make-Trim
CNC	Computer Numerically Controlled
CoC	Chain of Custody
COP	Chief of Party
CRM	Customer Relations Management
CV	Curriculum Vitae
DAG	Donor Assistance Group
DCED	Donor Committee for Enterprise Development Deputy Chief of Mission
DEID	Deputy Chief of Mission Department for International Development
DFID	Department for International Development Furgment Against for Reconstruction
EAR	European Agency for Reconstruction

EDDD	Francisco De al fem De constant de la Decale de constant de la Con	
EBRD	European Bank for Reconstruction and Development	
ECHE	European Commission	
ECIKS ECLO		
	European Commission Liaison Office	
EDD	Environmental Due Diligence	
EE	Energy Efficiency	
EFTA	European Free Trade Association	
EGAT	Economic Growth and Trade	
EN	European Norm	
ERO	Energy Regulatory Office	
ERP	Enterprise Resource Planning	
EU	European Union	
EUA	European Confederation of Manufacturers	
EULEX	European Union Rule of Law Mission in Kosovo	
EU NACE	European Union - Nomenclature Aconomiques Communauts Europennes	
FAM	Familiarization Trip	
FAO	Food and Agriculture Organization	
FDI	Foreign Direct Investment	
FIDIC	International Federation of Consulting Engineers	
FSC	Forest Stewardship Council	
FYROM	Former Yugoslavia Republic of Macedonia	
GAP	Good Agriculture Practice	
GAP	Gap Analysis Program	
GDA	Global Development Alliance	
GDP	Gross Domestic Product	
GE	Gorenje Elektromotori	
GoK	Government of Kosovo	
GoN	Government of Norway	
GTZ	German Society for Technical Cooperation	
НАССР	Hazard Analysis Critical Control Point	
HEOTC	Heavy Equipment Operators Training Center	
HPK	Horticulture Promotion for Kosovo	
HR	Human Resources	
IADK	Agricultural Development of Kosovo	
IANA	Internet Assigned Numbers Authority	
IATA	International Air Transport Association	
ICANN	Internet Corporation for Assigned Names and Numbers	
ICC	Izmir Chamber of Commerce	
ICMCI	International Council of Management Consulting Institutes	
ICO	International Civilian Office	
ICT	Information and Communication Technology	
IDC	International Data Corporation	
IEE	Initial Environmental Examination	
IEP	Internet Exchange Point	
IFC	International Finance Corporation	
IP IDAK	Internet Protocol	
IPAK	Investment Promotion Agency of Kosovo	
IPR	Intellectual Property Rights	

ISO International Organization for Standardization IT Information Technology ITC International Trade Centre IXP Internet Exchange Point KAA Kosovo Associate of Architects KASP Kosovo Association of Concrete Producers KATA Kosovo Association of Concrete Producers KATA Kosovo Alternative Tourism Association KBA Kosovo Bankers Association KCA Kosovo Chamber of Advocates KCBS Kosovo Chamber of Advocates KCB Kosovo Chamber of Commerce KDPA Kosovo Chamber of Commerce KDPA Kosovo Danity Processors Association KEK Kosovo Energy Corporation KEK Kosovo Energy Corporation KFA Kosovo Forest Agency KFVA Kosovo Forest Agency KFVA Kosovo Ford Advisor KPA Kosovo Produrst Association KPA Kosovo Produrst Association KPA Kosovo Produrst Association KPA Kosovo Produrst Advisor KPA Kosovo Private Enterprise Program KSA Kosovo Standards Agency MIGHAM Insistry of Agriculture, Forestry and Rural Development Informational Development Agency MIEA Middle East and Africa MEF Ministry of Economy and Finance MEM Ministry of Economy and Finance MEM Ministry of Education Science and Technology MIFA Ministry of Education Science and Technology MIFA Ministry of Education Science and Technology MIFA Ministry of Foreign Affairs MIS Management Information Systems MoU Memorandum of Understanding MIPA Metal Producers Association MIT Metric Tons MITC Ministry of Transport and Communications MITM Ministry of Transport and Post-Telecommunications NAAC National Albanian American Council NAHETS National Association of Heavy Equipment Training Schools NGO Non-Governmental Organization NRM Natural Resource Management NWP Non-Wood Forest Product OECD Organization for Economic Co-Operation Development OIT On-the-Job Training OSCE Organization for Economic Co-Operation in Europe PBMS Performance Based Management System PET Poly Ethylene Terephthalate Container Recycling Europe	IS	Information Committy
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·	PETCORE	
PMO Prime Minister's Office	PMI	Project Management Institute
	PMO	Prime Minister's Office

PMP	Project Management Professional
PMU	Project Management Unit
PPP	Public-Private Partnership
PSD	Private Sector Development
PTK	Post and Telecommunication in Kosovo
RCAK	Road Construction Association of Kosovo
RE	Renewable Energy
RFA	Request for Application
RFP	Request for Proposal
ROI	Return on Investment
SAF	Strategic Activities Fund
SCAAK	Society of Certified Accountants and Auditors of Kosovo
SDG	Standards Development Group
SIDA	Swedish International Development Agency
SME	Small and Medium Enterprise
SMME	Small, Medium, and Micro Enterprise
SOE	Socially-Owned Enterprises
SOW	Statement of Work
STIKK	Kosovo Association of ICT
STTA	Short-Term Technical Assistance
SWOT	Strengths, Weaknesses, Opportunities, Threats
TAK	Tax Administration of Kosovo
TAM/BAS	Turn Around Management / Business Advisory Service
TBD	To be determined
TPA	Tons per annum
TRA	Telecommunications Regulatory Authority
TRRT	Trade Rapid Response Team
UBO	UBO Consulting
UEA	European Federation of Wood Processors
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization
UNMIK	United Nations Interim Administration Mission in Kosovo
UNWTO	United Nations World Tourism Organization
UP	University of Prishtina
US	United States
USAID	United States Agency for International Development
USG	United States Government
VAT	Valued added tax
VEC	Vocational Education Center
	W . TT ' C .
VTC	Vocational Training Center
VTC WfD	Workforce Development
	·
WfD	Workforce Development
WfD WG	Workforce Development Working Group

EXECUTIVE SUMMARY

During the third quarter of the fiscal year 2010, KPEP supported firms achieved outstanding growth in sales, investment, full time jobs and exports.

The Year 2 target increase in sales was set at €20.1 million. Cumulative Life of the Project (LOP) increase in sales is €36.5 million, which means that we have already exceeded the target for Year 2. Cumulative LOP investment growth is €14.2 million, already exceeding the Year 2 target of €8 million. KPEP-assisted companies have added 1,187 full time equivalent (FTE) jobs since the beginning of the project. While we are still below our Year 2 target increase of 2,018 FTE jobs, this is a very good result given country, regional, and world-wide trends. Cumulative LOP data for exports show an increase over the baseline of €17.9 million.

Construction was again the leading sector in terms of contribution to overall performance, however agriculture made significant gains, as did wood products. We have added a short table at the end of each sector which highlights the specific results achieved. All monetary values are shown in Euros. We also note that the textile and apparel sector, an informational sector, has been the focus of some recent investment activity and may warrant further attention in the coming quarter.

Further, increased sales among BSPs has surpassed LOP targets, there have been modest improvements in the BEE index, and the number of people trained under the project has already exceeded Year 3 targets.

We have again provided a series of contextual indicators in the PBMS section with KPEP assisted firms strongly outpacing the performance of the economy of Kosovo as a whole, regional economies, developed countries, and the world (see page 83). For example, KPEP assisted firms increased employment by 69%, compared to 3% growth in employment in Kosovo, negative employment growth in the region and the developed world, and growth of less than 1% worldwide.

We have also analyzed the multiplier effect of the increase in sales and jobs to better understand the overall impact of the project. KPEP developed average multipliers for each KPEP sector. The multiplier effect for the total increase in sales for the LOP of €35,826,254 is €63,296,477. In average, for one Euro increase in sales, another 1.77 Euro has been generated all the way through the value chain of KPEP targeted sectors. Similarly, the multiplier effect for the total increase in employment of 1,075 FTE jobs for the LOP is 1,899 FTE jobs.

We have also calculated the degree to which KPEP activities are associated with the observed results. The PBMS section outlines the methodology for calculating attribution. This is valuable in better understanding the impact of specific interventions in each sector and the results of those interventions can be used to inform our investment decisions going forward. For example, the attribution for sales within the transformational sectors, is 49% for ICT, 45% for agriculture, 35% for wood processing, and 24% for construction. Based on this analysis we will modify our approach, particularly in construction, to focus on activities that will more directly lead to measurable results.

KPEP is a large and complex project providing assistance in four transformational sectors, three transactional sectors, and four informational sectors. Transformational sectors are those

where we seek to make improvements across the entire value chain. For transactional sectors we look for discrete activities that will generate short-term return on investment. Informational sectors, as the name implies, are sectors that we will track and monitor but not actively support at this time. In addition, we worked to strengthen the competitiveness of Kosovo's economy through improvements to the business enabling environment, business support services, and workforce development.

To manage and monitor the program we have created a series of 44 discrete objectives, down from 46 objectives last quarter. We have articulated a set of anticipated results for each objective. We then rank progress in achieving those results using a color code in which green represents satisfactory or better, yellow denotes issues or concerns, and red indicates serious problems. In this report we rank 34 objectives as satisfactory or better, up from 28 last quarter, nine with issues and concerns, compared to 15 last quarter, and only one objective is ranked red, the same as last quarter.

Efforts to strengthen the national dialogue on key economic issues affecting Kosovo's competitiveness have been blended into the Business Enabling Environment component. Key activities, more fully described in this section, include the AgCLIR/BizCLIR Roundtable, where assessments and findings were introduced in a discussion between government officials, professional associations and active donors in Kosovo; the event attracted significant media attention. In addition we finalized the advocacy strategy which outlines the concrete steps and procedures through which a draft law must pass, beginning with the first working group inside of a specific ministry, then following with other areas of the government and assembly, and ending with all the intervention points where under certain conditions an individual can intervene and make suggestions or comments. We also developed a list of all KPEP relevant laws that should be drafted and adopted by the end of this year has been compiled from the Government's Legislative Agenda for 2010. We have also marked comments regarding the content of the laws, their current status and stage in the GoK, as well as the importance of continuing drafts and replacing old law.

We see the challenge going forward as one of continuing to use performance metrics as a management tool to focus and concentrate project resources on those areas which have the highest potential return. This is particularly critical given the reduced budget available in Year 3.

I. COMPONENT 1: INCREASED COMPETITIVENESS OF KEY SECTORS

A. TRANSFORMATIONAL SECTORS

1. Sector: Agriculture

The agricultural strategy for Year 2 is to continue to identify and intervene in removing constraints along sector value chains. Those constraints that come to the forefront are domestic and export market penetration and infrastructure development. These two constraints are closely related. The end market is looking for a quality product that meets specifications with a low transaction cost. Meeting market demand by improving product quality and variety selection together with improving handling and storage in collection centers can remove these constraints and open up new markets. **Improved** markets will commercialization of Kosovo's agricultural sector.

In the previous quarter, a Booz Allen team developed an agricultural strategy for the GOK, which focused on recommendations of new high-potential, high-value crops and key animal products that could be developed in Kosovo. There are specific recommendations on crop diversification and animal products that can be introduced or

■ Kosovo Food Makes Its Debut At the New York Fancy Food Show

Two Kosovo food companies exhibited at the New York Fancy Food Show, July 27 – 29, marking their debut on the international specialty food scene. Euro Food of Prizren and Agroproduct Commerce of Podujeve were supported by KPEP to exhibit their specialty food products at this premier food event. Euro Food and Agroproduct Commerce are part of KPEP's non-wood forest product value chain of wild berries and wild mushrooms.

The Euro Food wild rosehip jam and the Agroproduct Commerce dried wild porcini mushrooms caught the attention of buyers from North America and Europe. Buyers also shared their preferences for packaging and portion size. KPEP is assisting the non-wood forest product to replace traditional market channels which are often quite circuitous to find the end market by going directly to the buyers. Exhibiting at the New York Fancy Food Show has already made an impact as one buyer, Avanti Enterprises of Brooklyn, New York had been buying Kosovo porcini from distributors in Italy and the Netherlands.

The non-wood forest product sector is important to Kosovo's economy. Exports amount to \$9.5 million and it provides valuable employment to rural households, particularly women and minority ethnic groups. KPEP also supported this sector with the development of 11 satellite collection and cooling facilities which will improve quality and lower transaction costs.

expanded in Kosovo. Furthermore, there is a set of supportive initiatives that need to be undertaken. KPEP, in close consultation with USAID, will explore whether some or all of the following initiatives could be integrated into KPEP's work:

- Greater crop diversification, including asparagus, gherkins, lettuce/chicory and saffron
- Support to poultry sub-sector: broilers, egg production and turkey
- Support to strengthen 3-5 farmers' associations on a pilot basis
- Pilot PPP model extension services for high value crops
- Create a model market intelligence system
- Develop promotional materials and identify 3-5 investors for collection centers, pack houses and cold storage
- Provide targeted technical assistance to resolve trade facilitation issues that inhibit the export of agricultural products.



Picture 1: Workers Cleaning Wild Mushrooms for Export



Picture 2: Representatives of APC and Eurofood at Fancy Food Show in New York



Picture 3: Lara Cow – Kosovo's Dairy Mascot

1.1. SUB-SECTOR: DAIRY

Overarching goals and strategy for the dairy sector. The dairy strategy addresses value chain opportunities in delivering to consumers high quality products, competing in more product categories and penetrating domestic retail markets that are exhibiting growth. Supporting dairy policy development will enhance the likelihood of accelerated growth in the dairy sector.



Objective 1: Improve product quality

Anticipated Results

The intermediate result is a substantial improvement in raw milk quality with at least 80% of the farmers participating experiencing improved raw milk test results and five student interns finding jobs as milk quality field personnel.

Activities		Status
1.	Support dairy internship program	1. Ongoing
2.	Support a study tour to Lithuania for Kosovo Food and Veterinary Agency (KFVA) dairy internship program (University of Pristina)	2. Completed
3.	Conduct dairy technology short course	3. Completed

3rd Quarter Progress

Progress in this objective area is satisfactory. The progress achieved in improving the raw milk quality at the farm level is satisfactory. The reports from the KFVA show impressive results in lowering the bacteria count and somatic cells at the farm level as a result of the training.

1. Support Dairy Internship Program

During this quarter, five senior veterinary students who participated in last year's milk improvement program/internship in collaboration with Initiative for Agricultural Development of Kosovo (IADK) staff completed training for 10 new student interns from the faculty of veterinary sciences. The methods for recording and analyzing data have improved and will allow KPEP to compare the baseline farm milk quality test results against the results after farmer training by the interns. Students regularly visit dairy farms to introduce proper milking and cooling procedures. For many farmers, the

California Mastitis Test (CMT) and post milking teat treatment with a low concentration of iodine after each milking are new technologies. For farmers with milking machines, the interns provide training to calibrate milking machines for vacuum pressure and number of pulsations per minute. As a result of training in this quarter, 31 dairy farmers, compared to only 2 before the program started, are receiving a premium price 15% above the base price, thus increasing income to an average of €90 per month per farmer.

2. Study Tour to Lithuania for KFVA

Through World Learning, five representatives of the Kosovo Food and Veterinary Agency (KFVA) raw milk laboratory and one representative of the dairy industry attended the raw milk lab management efficiency training in Lithuania. The goal of the training was to learn how to increase the volume of milk samples and deliver test results at lower costs. Training topics focused on operations and management systems for the raw milk laboratory. As a result of the training, the KFVA Director expressed his commitment to install a machine by the end of the year that identifies raw milk samples using bar codes, start testing raw milk for inhibitors and start the process of milk laboratory accreditation with ISO. Participants included:

- Drita Bjaraktari, milk laboratory technician
- Hysa Gerbeshi, milk laboratory technician
- Vlora Gashi-Zogjani, milk laboratory technician
- Xhemajl Dervishi, Head of KFVA laboratory
- Blerim Hajdari, KFVA
- Kushtrim Tigani, dairy industry representative

3. Conduct Dairy Technology Short Course

No short course scheduled during this quarter.

Objective 2: Improve product marketing and strengthen business-to-business relations

Anticipated Results

By the end of Year 2, KPEP anticipates a 10% decrease in imports from the previous year, reflecting an increase in domestic market share. Coinciding with an increase in market share, the dairy sector will witness a €1 million increase in investment. At least two new products will be introduced into the market.

Activities	Status
Promote Consumption of Dairy Products	1. Completed
2. New Product Development	2. Completed
3. Strengthen relationship between dairy processors and local retail chains	3. Completed
4. Improve packaging (NEW)	4. Ongoing

3rd Quarter Progress

Progress under this objective is satisfactory. Fluid milk imports have decreased by 32% since 2008. Bylmeti Dairy acquired another dairy facility with a 680,000 investment and Kabi Dairy purchased new refrigerated delivery vehicles for 30,000.

1. Promote Consumption of Dairy Products

KPEP initiated a dairy promotion campaign to raise awareness amongst local consumers on the

quality of domestic products and to promote consumption for children. Campaign activities included offering presentations to school children on the importance of consuming dairy products and on making milk, yogurt and cheese a part of their daily diet. Six dairy processing facilities hosted school children and taught them how milk is processed and turned into their favorite dairy products. We also held in-store promotions. The campaign kick-off event coincided with World Milk Day celebrations June 1 on Mother Teresa street in Pristina. Children received T-shirts and bags branded with "Lara Cow", the new mascot for Kosovo's milk and dairy products. We expect that demand for local dairy products will increase as a result of this campaign, which will in turn result in the collection of larger quantities of milk from farms. Dairy company participants and promotion cost sharing partners included: Golaj Dairy, Magic Ice, Bylmeti Dairy, Abi Dairy, Rona Dairy, Ajka Dairy, Kabi Dairy and Devolli Dairy.

2. New Product Development

Kosovo's raw milk supply increases by 1.5 times in the spring and summer compared with the winter months, resulting in excess supply for processors. Recognizing this, KPEP assisted dairy processors in developing new, longer shelf-life kachkaval cheese. The Bylmeti, Rona and Kabi dairy companies have begun producing yellow kachkaval cheese. Dairy technologists from Bylmeti, Rona and Kabi dairy plants and one local dairy consultant received practical training for producing yellow kachkaval cheese. In June, Bylmeti began exporting kachkaval cheese to Albania with an initial two ton shipment.

KPEP provided training to Rugove Dairy's dairy technician during an earlier dairy technology short course. Located in the Rugove Valley, Rugove Dairy is a plant dedicated to producing a wide range of excellent cheeses. Initial processing of milk is 1,000 liters per day and the cheese currently being aged will enter the market later in the season. The investment exceeds € 1 million.

3. Strengthen relationship between dairy processors and local retail chains

With the objective of improving business linkages between local retail chains and dairy processors, KPEP organized a Business-to-Business (B2B) event on May 12. Representatives from nine of Kosovo's largest retail chains (ETC, Albi Market, Ben Af, Era City Hypermarket, Viva, Interex, Abi market Agmia and Mentori Mega market) and the biggest dairy processors (Bylmeti, Ajka, Magic Ice, Golaj, Devolli, Rona, Kabi and Abi) attended the event. ETC and other retailers often charge "slotting fees" to companies seeking to sell their product in their stores but agreed to waive these fees for domestic dairy products who meet quality standards and packaging requirements.

4. Improve Packaging (NEW)

This activity was formerly a separate objective. In consultation with USAID this has now been categorized as an activity. No actions have been taken to date. As KPEP works to develop new products we will also be support the development of new quality packaging.

Objective 3: Support Dairy Policy Development

Anticipated Results

KPEP will support MAFRD, KFVA, and stakeholders in the development and implementation of two dairy policies that will enable the sector to be more competitive.

Activities	Status
Assist MAFRD, KFVA and key stakeholders to formulate a national dairy policy	1. Ongoing
2. Assistance to implement dairy policy	2. Ongoing
3. Facilitate and build the capacity of a dairy policy working group (NEW)	3. Ongoing

3rd Quarter Progress

Progress under this objective has been slower than expected.

1. Assist MAFRD, KFVA and key stakeholders to formulate a national dairy policy

KPEP assistance has resulted in the development of two dairy policy issues, one on dairy product standars and labeling and another on subsidized imports, that are currently awaiting MAFRD and/or KFVA action. No new policies have been undertaken in this reporting quarter.

2. Assistance to implement dairy policy

Milk producers and processors have asked the GOK to develop policy actions that will assist dairy companies to increase their competitiveness in the market. KPEP assisted the legal unit of KFVA in drafting an Administrative Decision (AD) for dairy identity standards. The acting head of KFVA forwarded the AD to the European Commission Liaison Office (ECLO) for review and clearance. The standards will be adopted as part of a full hygiene package. However, ECLO's response was that barring import of dairy products that are at or half way to the expiration date, a recommendation that appears in the proposed AD, was against EU policy. ECLO is encouraging the GOK to adopt provisions to enforce food safety control in the domestic market.

3. Facilitate and build the capacity of a dairy policy working group (NEW)

As a result of a KPEP initiative, representatives of MAFRD, KFVA, Customs, KCC and the University's Agriculture Faculty established the Dairy Policy Working Group. The group's objective is to design and recommend policies that will help improve the business environment for Kosovo dairy companies. Dr. Kurtesh Sherifi from the Agriculture Faculty was selected to head the group. Policies developed by the dairy consultative group would be submitted to the government for consideration and adoption. The Dairy Policy Working Group is working on a response to ECLO regarding its rejection of the administrative instruction specific to the imported product expiration date and will report to KPEP and the KFVA.

Members of the working group include:

- Dr. Kurtesh Sherif, Agriculture Faculty
- Mr. Asim Mema, Head of livestock breeding, MAFRD
- Dr. Flamur Kadriu, Head of veterinary public health, KFVA
- Mr. Safet Gerxhaliu, Director of investment, Chamber of Commerce
- Mr. Bedu Abdyl, Customs

1.2. SUB-SECTOR: FRUIT AND VEGETABLE

Overarching goals and strategy for the fruit and vegetable sector.

KPEP will capitalize on the success of first year results of over \$600,000 in export sales in peppers, and expand activity and impact through a strategic partnership with retailers and traders. The partnership will be a joint effort between KPEP and Horticulture Promotion for Kosovo (HPK. This strategic partnership and implementer coordination will allow activity to expand beyond peppers, which continues to be Kosovo's core product. Moreover, KPEP will introduce new technology, grading, and point of sale marketing and will continue to promote the development of vegetable collection centers. The ultimate goal for this sub-sector is to establish Kosovo as a reliable supplier of high quality products in the domestic and export markets.

Current objectives.



Objective 1: Improve vegetable production

Anticipated Results

Increase pepper yields by 10%, watermelon yields by 25%, and white bean yields by 200% with a 50% increase in farmers planting white beans.

Activities	Status
1. New variety trials	1. Ongoing
2. New technology demonstrations	2. Ongoing
3. Expand the use of local consultants to monitor production and quality	3. Ongoing

3rd Quarter Progress

Progress is very satisfactory. Field days for the technology demonstrations and the variety trials are scheduled for the next quarter. The demonstration at the Secondary Agricultural School in Pristina was extremely impressive. It is important to note that the greatest impact on vegetable production is when new hybrid varieties are grown in combination with new technologies. We believe we are on track to achieve the increase in yields anticipated.

1. New variety trials

Pristina Secondary Agricultural School, Tina Association, Krusha e Madhe, and Los Pallmas are the four locations for variety trials, which include six new pepper, one new watermelon, and one new melon hybrid varieties. The Tina Association reported poor germination with peppers and as a result, KPEP replaced the plants with seedlings germinated at Los Pallmas. The trial in Krusha e Madha also experienced poor germination with peppers and those plants were replaced with seedlings from the Secondary School. The overall performance of the new varieties is clearly superior to existing varieties, as reflected by growth and earlier harvest potential. The "SeSe" variety was planted as a result of discussions with a buyer in Switzerland. It appears that the variety will meet yield and quality expectations to fulfill a 500 MT minimum order in 2011.

2. New technology demonstrations

Each of the aforementioned sites for variety trials also include some level of new technology demonstration of seedlings from Los Pallmas, seedlings produced by the farmer using trays and substrate, drip irrigation, plastic mulch and tunnels. Early observations indicate that new technology for seedlings together with drip irrigation produce an outstanding return on investment. The Pristina Secondary Agricultural School has an excellent comparison of greenhouse pepper production and open field pepper production. KPEP will analyze the financial data from each production practice.

KPEP SAF provided the Perdrini Association with new equipment, which will transplant cucumber and watermelon plants, lay drip irrigation pipe, plastic mulch and plastic tunnels all in one process. A field day will be conducted when the Association plants the second planting of cucumbers at the end of July.

3. Expand the use of local consultants to monitor production and quality

The three local consultants engaged by KPEP to provide services to farmers through the Perdrini Association have proved invaluable in identifying germination problems, plant disease, and fertilizer and irrigation requirements. They serve up to 150 farmers, including 30 commercial farmers for whom KPEP facilitated a contract between pepper producers and the Etlinger Company in Shtime for 13 hectares of peppers.



Objective 2: Develop vegetable infrastructure through collection centers

Anticipated Results

KPEP will help establish one or more new facilities where vegetables will be sorted, cleaned, and packed. Accomplishing this will add 2-cents per kilogram to the price of vegetables and improve the position of Kosovo as a quality supplier.

	Activities	Status
1.	Promote the development of fruit and vegetable collection centers	1. Ongoing
2.	Develop and issue an RFA for SAF assistance to develop the collection centers	2. Completed

3rd Quarter Progress

We are making excellent progress on this objective. At the end of the reporting quarter, five fruit and vegetable collection centers were in the construction phase.

1. Promote the development of fruit and vegetable collection centers

KPEP had identified several potential local investors who are involved in fruit and vegetable production or trading and has worked with them to locate facilities and develop their concepts. Fruit and vegetable centers are being developed in five locations: Liria Company in Klina, Fehim Rexhepi in Xerxe, Fruiti Trading Company in Podujevo, Beshkimi Company in Krusha e Madhe, and Edona Company in Gjakova Municipality. Floor plans of Liria, Fruiti and Beshkimi are being reviewed by KPEP in order to advise the companies on HACCP.

Closely related to establishing fruit and vegetable collection centers is the assistance KPEP is providing to improve packaging, specifically cardboard boxes. KPEP has linked cardboard box makers in Kosovo and fruit and vegetable collection center owners with International Paper, a US firm with operations in Turkey, to introduce new, improved quality cardboard boxes. Samples of the boxes will arrive early next quarter.

2. Develop and issue an RFA for SAF assistance to develop fruit and vegetable collection centers

Proposals were received and evaluated and four new centers for vegetables have been funded. Apple storage is a little more problematic. Cold storage can provide 3 months of storage without effecting quality. Marketing apples in December may not provide sufficient price differential to justify the investment and operating costs. Atmosphere controlled storage allows storage for up to 12 months. KPEP and Intercooperation are reviewing investment opportunities in atmosphere controlled storage.

Objective 3: Improve fruit and vegetable processing management and technology (NEW)

Anticipated Results KPEP will assist at least two processors to become operational and assist in expansion of at least one current processor. The new processors will be HACCP ready. Activities Status 1. Assist fruit and vegetable processing 1. Ongoing

2.	Provide technical assistance and support	
	for the creation of new vegetable	
	processing facilities	

firms in HACCP certification

2. Ongoing

3rd Quarter Progress

KPEP is on track to achieve anticipated results.

1. Assist fruit and vegetable processing firms in HACCP certification

KPEP provided processing and HACCP assistance to the Etlinger company, which seeks to expand the production of canned vegetables from 800 MT in 2009 to 1000 – 1200 MT in 2010. The company may delay HACCP certification because it is investing in a new pasteurizer, which may require modification of the existing structure to accommodate the equipment.

2. Provide technical assistance and support for the creation of new vegetable processing facilities

KPEP has provided assistance in production floor layout, HACCP, and a new business model to the Widow's Association of Krusha e Madhe. It is unknown if the Widow's Association can be operational by the harvest time for peppers.

The Edona Company has signed a five-year lease for a 1000 m2 building in Gjakova Municipality. In 2010, it will invest € 100,000 for a collection facility and in 2011, the company will expand its operations to include vegetable processing.

Objective 4: Expand domestic market share and increase sales in export markets

Anticipated Results

Kosovo becomes a reliable supplier of high quality products for fruit and vegetables for the fresh and processing markets with pre-harvest orders of 2,500 MT in 2010, compared to 1,600 MT in 2009.

processing markets with pre-narvest orders of 2,300 MT in 2010, compared to 1,000 MT in 2009.			
Activities	Status		
 Develop and execute a communications strategy for the promotion of Kosovo produced fruits and vegetables 	Completed development stage, implementation cancelled		
 Facilitate regional "sales calls targeting Macedonia, Albania, an Montenegro 	2. Oligonig		
3. Attend regional and international trad shows: Plovdiv, Novi Sad, Tirana	e 3. Completed		
4. Pepper pre-season outlook and B2B conference	4. Completed		
5. Participate in domestic fresh fruit and vegetable working group activities	5. Ongoing		
Create a model market intelligence system	6. Planned		

3rd Quarter Progress

Progress under this objective has been excellent.

1. Develop and execute a communications strategy for the promotion of Kosovo produced fruits and vegetables

The concept to promote domestic fruit and vegetables at Kosovo's supermarkets and hypermarkets was developed with input from the domestic fruit and vegetable working group. In April, KPEP met

with ETC, Ben-Af, Sunny Hill market, and Oaza market to prepare for the rollout of the campaign. Each company has decided against participating in the promotional campaign for domestic produce. The reasons given were similar: poor grading and higher cost. The higher cost is a comparison with imports and the way the VAT is applied to imports, as well as the fact that farmers are not registered companies.

2. Facilitate regional "sales calls" targeting Macedonia, Albania and Montenegro

The initial sales calls to processors and traders in Macedonia and Albania are complete. Additional sales calls will be made in the next quarter to include Serbia and Montenegro. During this quarter, KPEP facilitated MOUs between buyers and sellers for 1,400 MT of pepper - 400 MT in Albania and 1,000 MT in Macedonia. Moreover, KPEP is providing assistance for the sale of peppers to the Edona Company (200 MT), Kelmendi (500 MT), Biopack (500 MT) and Etlinger (1,000 MT).

3. Attend regional and international trade shows: Plovdiv, Novi Sad and Tirana

There was no interest in attending regional trade shows however support for international trade shows are showing results. The relationship developed between the Perdrini Association and ETC food retailer during the Fruit Logistica Trade Show in Berlin last quarter produced a contract for watermelon of up to 30 tons during the early 2010 season. The Perdrini Association began delivering the watermelon to ETC in June.

4. Pepper pre-season outlook and B2B conference

Completed last quarter.

5.Domestic fresh fruit and vegetable working group participation

The working group did not meet this reporting quarter. The core members of the working group are:

- Osma Fejza, wholesaler
- Mehdi Aliu, retailer supermarket, City Park
- Ragip Millaku, retailer, Tregu I Gjelbert
- Nevair Hazeri, retailer supermarket, Benaf
- Fatos Islami, retailer supermarket, ETC
- Naim Alickaj, retailer supermarket ETC
- Alajdin Fusha, retailer supermarket, Abi
- Latif Ajeti, wholesaler / retailer, Oaza

6. Create a model market intelligence system

The model market intelligence system is intended to focus on a few core products such as peppers, tomatoes, cucumbers, watermelon and apples. The critical data is regional pre-harvest estimates of the supply and demand of these commodities. This activity is postponed until KPEP fills the agricultural marketing manager position.

1.3. SUB-SECTOR: NON-WOOD FOREST PRODUCTS

Overarching goals and strategy for the non-wood forest product sub-sector

The non-wood forest product (NWFP) sub-sector has not yet reached its potential to generate economic growth. Estimates for potential market expansion are €16 million by 2012. NWFP is a traditional sector that needs to adopt modern production and management practices. Much of the potential growth is related to identifying new markets and establishing Kosovo as a reliable supplier of quality products. In Year 1, the market signaled that there is demand for NWFP products that are

organic and HACCP certified. The KPEP Year 2 strategy for NWFP is to add value in the supply chain through improved harvesting techniques, collection center development to reduce transaction costs and organic and HACCP certification.

Current objectives.



Objective 1: Penetrate new markets

Anticipated Results

Kosovo develops new market channels resulting in new market penetration, leading to €6 million in sales in 2010.

Activities	Status
1. Attend Trade Shows in Europe and the US	1. Completed
2. Provide marketing assistance and market research to the lead firms	2. Ongoing

3rd Quarter Progress

Progress on this objective has slowed as a result of an overall weak economy and an oversupply of product in the market. It is not yet clear if we will meet target of ϵ 6 million in sales in 2010. This quarter marks the early season for mushrooms and early season prices reflect a stronger market in 2010. Of the ϵ 7.5 million aggregate of NWFP sold in 2009, ϵ 3.5 million can be attributed to wild mushrooms and berries.

1. Attend Trade Shows in Europe and the US

KPEP sponsored two companies, Agro Product Commerce and Euro Food, to exhibit at the New York Fancy Food Show, a specialty food show from June 26 to June 30. The companies exhibited dried wild mushrooms and canned products made from rose hips and other wild products. The companies visited the Fancy Food Show in 2009 as visitors to understand their position with the competition and learn from the experience. Sales will be quantified during the next quarter, but there was substantial interest in Kosovo's wild mushrooms.

Moreover, KPEP supported the attendance of Uran Ismaili, advisor to the Minister of Agriculture Forestry and Rural Development. The exhibit was a joint initiative between USAID/KPEP and USAID/AgBiz in Albania.

2. Provide marketing assistance and market research to the lead firms

APC is being assisted to develop a positioning and communications strategy for 25 non-wood forest products to be sold in consumer portion packaging.



Objective 2: Develop new management and production practices

Anticipated Results

Three firms will acquire HACCP certification and four firms will enter the HACCP certification process. Two firms will acquire organic certification. KPEP will establish at least two blueberry cultivation plots and seven value adding collection centers in strategic locations to reduce transaction costs.

Activities	Status
Provide assistance to establish HACCP and organic certification	1. Ongoing
2. Field demonstrations for cultivation of blueberries	2. Ongoing

3.	Facilitate the development of value chain efficiencies in collection management and satellite collection centers	3. Ongoing
4.	Conduct the annual wild blueberry conference	4. Planned July 2010

3rd Quarter Progress

Progress on this objective is on target.

1. Provide assistance to establish HACCP and organic certification

In this quarter, KPEP developed materials for training collectors on Good Wild Collection Practices. The team trained 510 collectors of wild products. KPEP will also provide technical assistance for HACCP readiness, which is designed to support at least three more firms to become certified. Three companies have received their organic certification.

Environmental reviews were completed for Berati Association and Eurofruti for modifying existing structures that will contribute to HACCP certification.

Firms receiving assistance from KPEP to obtain HACCP certification are: Scardus, KB Rugova, Agro Peti, AgroProdukt Syne and Besiana.

2. Field demonstrations for cultivation of NWFP

KPEP has signed a subcontract with a local consultant, MD Consulting, to plan and conduct high bush blueberry field demonstrations in five locations. MD Consulting has produced a list of ten potential sites. These sites will be screened based upon farmers' cost share level and management ability, soil type, microclimate and growing degree days.

3. Facilitate the development of value chain efficiencies in collection management and satellite collection centers

Ten firms received SAF funding to develop satellite collection centers capable of storing and cooling NWFP, which will improve quality by reducing fermentation and reduce transaction costs by requiring less frequent transportation to the processing facilities. It is anticipated that by the end of the next reporting period, all firms will be operational.

The centers with cooling capabilities to reduce costs and improve quality will be located in the following municipalities:

- F&V Association Eko Galic in village Socanica, municipality Leposavic (Serbian minority region)
- Association Eko Sani in Prevala, Prizren municipality (Bosnian minority region)
- Association Flores (2) in Dragash municipality, (Gorani minority region) Company Natura, village Koretiste in Gjilan municipality
- Association Natural Fruti, village Prekovc, Novo Brdo municipality
- Company Fungo FF, Kamenica municipality
- Company APC, Podujevo municipality
- Company Besiana Ferizaj municipality
- Company Fungo Kos, Kamenica municipality
- Company Univerzal Gip, Vushtri municipality

4. Conduct the annual wild blueberry conference

KPEP has signed a subcontract with a local consultant to plan and conduct the wild blueberry conference, which has become an annual event. The conference will offer opportunities to add value, including the experience of KPEP and the NWFP exhibitors at the New York Fancy Food Show and

regional opportunities for retail sales of frozen wild blueberries. The event will be held July 16 in Peja.

Quarterly results on key performance indicators

Sector/ Sub-sector	Increase in Sales	Increase in Exports	Increase in FTE Jobs	Increase in Investment	Number of enterprises
Agriculture	7,087,641	6,765,770	386.15	1,378,484	21
Dairy	4,923,838	665,000	105.14	727,779	7
Fruits and vegetables	3,155,623	2,514,496	47.38	354,305	7
Non-wood forest products	(1,049,496)	3,586,274	180.05	296,400	6
Poultry meat processing	57,676	-	53.58	-	1

2. Sector: Construction

Sector Strategy: KPEP considers the construction sector a transformational sector. This means that KPEP is willing to invest resources over and above a defined anticipated return in order to lay the groundwork for significant and lasting improvements both in the value chains and in the legal and regulatory environment.

KPEP divides the sector into the road construction subsector and the building materials subsector.

■ KPEP Supports International Certification for 42 Heavy Equipment Operators ■

In April 2010, KPEP commissioned a three-month international certification training program for 42 heavy equipment operators. Participants received comprehensive training in operating the six most commonly utilized pieces of construction equipment. The training comprised theoretical and practical modules. Topics included safety, soils, maintenance, construction math and front-line supervisory techniques. The Road Construction Association of Kosovo (RCAK) provided logistics support and required machinery. HeviCert, a U.S. company based in Nevada implemented the program.

In the road construction subsector, we have been working primarily on projects that are aligned with the Ministry of Transport, and have implemented a training program for heavy equipment operators. We also plan to work with selected firms on improving operations and product quality. KPEP considers access to credit and model contracting of major importance to this sector, and has added an objective that will address these issues.

In the building materials subsector, we are in the process of identifying companies that have the interest and the ability to improve their product quality and obtain international certifications.

KPEP has also initiated a working group which will develop a licensing system for architects – such a system is currently not in existence in Kosovo, and has been providing professional development lectures to the professional and business community.



Picture 1: Classroom Training



Picture 2: On-site Training



Picture 3: Second WG meeting on licensing of architects and engineers

2.1. SUB-SECTOR: ROAD CONSTRUCTION

Sub-Sector Strategy: KPEP's strategy in this subsector is to improve road design, improve skills of construction workers and improve quality of selected road construction companies.



Objective 1: Improve local road design capability

Anticipated Results

Activities under this objective are designed to build capacity in the Government of Kosovo (GoK) to review designs and ensure compliance. In Year 2, following consultant recommendations, KPEP will support and train local engineers and responsible government officials on proper technical package development for road feasibility studies and tendering of road construction. The goal is to train at least 50 road design professionals and to implement a train-the-trainers program to ensure sustainability. The target is to increase the percentage of the road design budget spent on work done by Kosovo engineers, either acting independently or in joint venture partnerships. KPEP will train:

- 10 road designers from private practice to produce detailed designs;
- 10 government officials (MTC/Municipalities) to produce conceptual designs;
- 10 engineers from road construction companies;
- 10 site managers from road construction companies; and
- 10 top students from the universities.

Activities	Status
Draft and sign the MOU between KPEP and MTC	1. Drafted and submitted to MTC
2. Provide technical assistance and training for the feasibility study and for detailed design and technical specifications	2. Partially Completed
3. Produce a documentary film on safety	3. Ongoing (final stage)
and road design and construction.	_

3rd Quarter Progress

Progress under this objective is satisfactory. The MTC has received an MOU and action plan for the pilot road project. The advisor has been selected. Over 50 people were trained in KPEP's 2-week road design lecture course at the University of Pristina's Faculty of Civil Engineering. The road safety documentary is in the final stage.

1. Draft and sign the MOU between KPEP and MTC

KPEP prepared a draft MOU and Action Plan for its technical assistance with a best practice pilot road project for the MTC. It is currently under review with MTC. We expect that the MOU will be signed in Q4 and that the project will commence in Q4. This is a long term initiative which will continue through at least Year 3.

2. Provide technical assistance and training for a feasibility study and for detailed design and technical specifications

KPEP has selected the advisors for the pilot road project. During this quarter, pilot road project advisor Rafael Aldrete visited Pristina and held preparatory meetings with MTC representatives. Once the MOU and Action Plan are signed, the advisor will return to

Pristina to begin work according to the action plan. He will be housed at the MTC.

In Q3, KPEP cooperated with the Faculty of Civil Engineering and Architecture at the University of Prishtina to organize the first in a planned series of Road Design Lectures. The lecture series, hosted by the Dean, and taught by a practitioner and professor of the Texas Transportation Institute, was held over the course of 10 days. Topics covered included feasibility study, traffic forecast, design standards, level of services, economic evaluation and Environmental Impact Assessment. Certificates of attendance were awarded to the following regular attendees:

✓ Students 19 (students of civil engineering and traffic engineering)

✓ Practitioner Engineers 27 (from private companies)

✓ MTC 5 (technical staff/engineers)

✓ Teachers

Feedback on the lecture was extremely positive: 36 out of 38 evaluators classified the lectures as either "excellent" or "very good".

3. Produce a documentary film on safety and road design and construction

The documentary on road safety is in its final draft. This initiative, a joint idea between KPEP and EULEX, highlights road safety issues in Kosovo and proposes feasible solutions. The film team traveled to Slovenia to interview experts and to document implemented best practices. They also spoke with representatives of the Kosovo Police, EULEX, sector experts and the KPEP advisor team. In Q4, the documentary will be made available to the Kosovo Police Force, EULEX Police, the Faculty of Civil Engineering, the Faculty of Mechanical Engineering and other interested parties. It will also be broadcast on national and local TV stations.



Objective 2: Upgrade the skills of construction workers

Anticipated Results

The Year 2 Work Plan foresees that by the end of Year 2, KPEP will have trained: 40 heavy equipment operators, five asphalt laying equipment operators, 12 quarry workers, 20 job applicants integrated into the workforce, and five trainers.

Activities	Status		
 Draft and sign MOU between MTC and KPEP 	1. Draft to be submitted to MTC in Q4		
2. Develop curriculum and start training for Heavy Equipment Operators Training (HEOTC)	2. Completed		
3. Take measures to establish the Heavy Equipment Operators Training Center (HEOTC) as a sustainable training institution in Kosovo	3. Ongoing		
2.10			

3rd Quarter Progress

Progress under this objective is satisfactory. During Q3, 42 Heavy Equipment Operators were trained. KPEP also finalized the business plan for HEOTC and presented it to interested parties (industry, KEK, GoK and RCAK) to coordinate for further steps.

1. Draft and sign MOU between MTC and KPEP

A draft MOU will be submitted to the MTC in Q4, combined with the Pilot Road MOU.

2. Develop curriculum and start a training course for HEOTC

During Q3, the HEO training was successfully completed. A total of 42 construction workers were trained and certified as Heavy Equipment Operators. HeviCert, a US training company, conducted two sets of four-week trainings that included classroom and field sessions. This training was implemented in cooperation with RCAK, who organized the logistics of the training, including the provision of machines and training space. The certification is equivalent to Level 3 of the Kosovo National Qualification Framework and the European Qualification Framework. The demand for this training is high, particularly from Bechtel/Enka, the company contracted to build the Pristina/Prizren highway. KPEP is planning to implement another round of training in the fall.

3. Take measures to establish the HEOTC as a sustainable training institution in Kosovo

KPEP developed a business plan for the establishment of a HEOTC in Kosovo. In late June, KPEP presented the business plan to a number of construction companies, RCAK, KEK and Ministry representatives (Labor, Education, Transport) and solicited input regarding potential commitments and next steps.

The business plan estimates an investment need of $\[mathbb{e}780,000\]$ to establish and operate the HEOTC. This number excludes the land and the trainers for the first 6-18 months. The municipality of Malishevo is a potential donor for the land and KPEP would provide the initial training. The MTC has committed $\[mathbb{e}250,000\]$. If no other donations are secured, a loan of $\[mathbb{e}530,660\]$ will be needed to purchase equipment and for start-up working capital. KPEP will continue its efforts to support the establishment of such an HEOTC in Kosovo.

Objective 3: Improve the ability of selected road construction companies to meet international standards

Anticipated Results

KPEP will provide technical assistance to selected road construction materials companies to help them meet international recognized standards. Anticipated results of this effort will include:

- More than 80 civil engineers, site managers, technicians, and inspectors trained
- More than €300,000 in new investment for assisted firms to improve technical production standards
- Local firms will realize sales of €20 million for asphalt.

Activities	Status
Assist lead road construction companies and producers improve operations	1. Postponed for Y3
Assist lead road construction companies and producers improve production processes and meet standards	2. Postponed for Y3

3rd Quarter Progress

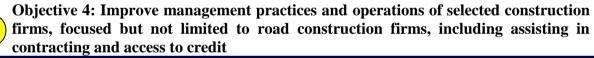
Progress on this objective has been much slower than anticipated because we were delayed in initiating the work due to internal staffing changes and the need to replace an STTA. Road advisor Rafael Aldrete conducted a needs assessment this quarter. This time of year however is not conducive for activity in this sector because it is construction season. As a result, activities recommended by the advisor will be implemented in Year 3.

1. Assist lead road construction companies and producers to improve operations

KPEP conducted visits to guide road construction companies to assess the areas and issues that KPEP can support. Key activities KPEP can undertake to support the local road design and construction companies include trainings and seminars on project management, contract standards, contract management and quality assurance/quality control. The appropriate timing for this support is the off-season in winter. As a result, most of these activities will be shifted to Year 3.

2. Assist lead road construction companies and producers improve production processes and meet standards

KPEP has issued an RFP for aggregate testing, which aims to test whether the selected quarries have suitable aggregate for asphalt production or for asphalt wearing course. The testing will be based on EN norms and the quarries which fulfill these norms will be certified. KPEP has not received any proposals on the issued RFP. We are in consultation with our advisor on how to reissue the RFP pending further consultation with quarries and laboratories in the EU and US.



Anticipated Results

Assisted firms will improve management practices leading to better access to credit, and more sophistication in contracting. At least 15 firms to attend each of the seminars. Assisted firms demonstrate:

- Better and more efficient contracting relationships
- More loans to construction firms that are not based on real estate collateral.

Activities	Status		
1. Seminar on model contract	1. Postponed for Y3		
	1		
2. Seminar on access to credit	2. Planned for Q4		

3rd Quarter Progress

1. Seminar on model contract

This activity has been shifted in the Y3 work plan since the best timing to conduct this activity will be during the winter season.

2. Seminar on access to credit

In this quarter, KPEP prepared a seminar with representatives of major Kosovo banks and leading road construction companies. KPEP worked closely with the Kosovo Banking Association and client road construction companies to develop appropriate topics. Target timing for this seminar is mid July 2010.

2.2. SUB-SECTOR: CONSTRUCTION MATERIALS

Sub-Sector Strategy: The strategy for the construction materials sub-sector focuses on improving the architectural design and engineering services and assisting building materials manufacturers to be more competitive in meeting local, regional and international demand. The activities include a professional training organization, licensing process support, and technical assistance support to improve product quality, to internationally certify products, to provide training on marketing and sales, and to support business linkages.

We have identified a need for targeted training and assistance, not only for design professionals but also for other participants in the building materials value chain. Topics where KPEP has identified gaps include how to develop better technical information for designers and manufacturers, as well as how to draft written technical specifications.

The wider focus for KPEP is the broader building materials sector. To date, we have identified five manufacturers who are interested in, and have the ability to absorb, the assistance that KPEP plans to provide. They are: Tulltorja (brick and clay products) from Landovice/Prizren; paints and facade factory Ecocolor in Vushtrri; PVC and aluminium doors and windows factory ABC Plast in Prizren; metals and galvanizing factory Vinex in Viti; and cable factory Progresi in Gjilan. This includes assistance to improve product quality, improve technical product publications, obtain recognized certifications and improve marketing and customer services practices.



Objective 1: Improve architectural design and engineering services

Anticipated Results

The expected results of this objective are to increase the professional development of design and building construction industry practitioners including architects and engineers, building contractors, government regulators and building materials manufacturers. This objective will advance the knowledge base of all practitioners in the industry. Our target is to hold at least three seminars during this year and to reach at least 40 professionals (20 individually employed architects; 10 company employed architects; 10 post-graduates and architectural students and other stakeholders in the building materials value chain). These seminars are aimed at solidifying existing expertise, and introducing the professional community to international practices and standards.

Additionally, KPEP will help establish a formal working group that will develop, with the assistance of an advisor provided by KPEP, a system for licensing of architects and engineers, which will include as well a continuing education program for the profession. Expectations include producing specific recommendations necessary for establishment of a licensing process; giving evaluative opinions on the Ministry of Environment and Spatial Planning (MESP)-led Working Group's (WG) development of architectural and engineering licensing processes in Kosovo; and, in cooperation with the WG, defining the administrative and content requirements for a professional examination for architects.

Activities	Status
1. Train engineers, architects, regulatory	1. Completed
officials and other participants in the	
building materials value chain on	

writing technical information and specifications and other subjects as determined by value chain focus groups, industry participants and international experts

2. Support stakeholders on establishing the process for licensing of architects and engineers

2. Ongoing

3rd Quarter Progress

Progress under this objective is satisfactory. The goals under the first activity have already been exceeded in terms of the targeted number of professionals participating in seminars. Progress under the second activity is on-track and satisfactory to date. Further success will depend on the level of cooperation shown by MESP.

1. Train engineers, architects, and other participants in the building materials value chain on writing technical information and specifications

The third in a series of training seminars planned for Year 2 was conducted on May 25 – 26. KPEP organized and facilitated two day-long sessions entitled "Construction in Kosovo: Opportunities and Challenges for the Kosovo Building Industry." Dr. Peter Boswell, General Manager of the International Federation of Consulting Engineers (FIDIC) explained FIDIC's role in the consulting engineering industry, its construction works and professional services contracts. KPEP adviser Jeffrey Callahan presented on "Green Construction: Building for Sustainability and Introduction to Sustainability Rating Systems." Over 50 representatives of relevant regulatory bodies at the central and local levels, the public university, companies, and professional associations attended each day.

2. Support stakeholders on establishing the process for licensing of architects and engineers

This activity supports MESP by setting up a procedure for the licensing of architects and engineers in Kosovo. In Q3, the KPEP Advisor led the following two Working Group (WG) meetings:

The April 27 meeting was the first formal gathering of the new WG on the licensing of architects and engineers. The agenda was based on a discussion document drafted by the KPEP Advisor and circulated prior to the meeting. At the end of the meeting, a sub-group was established and tasked with three issues:

- Review of the existing Administrative Instruments dated 2005;
- Consideration of the process for creating the new organization ("Chamber" or "Association" of Architects/Engineers);
- Consideration of the "Court of Honor" process and other appeal processes.

The second official meeting of the WG was held on June 16. Major topics discussed included professional examination and the Chamber of Architects and Engineers.

The next WG meeting is scheduled for July 19.

KPEP is satisfied with the work of the WG and with progress under this activity.

Objective 2: Assist selected building material manufacturers to be more competitive in meeting local, regional, and international demand

Anticipated Results

KPEP will select (through an RFA or similar process) at least 10 local producers of building materials (likely terracotta products, blocks and bricks, electrical wiring, painting, doors and windows, flooring, steel products in construction, and plastering) and assist them to become more competitive both domestically and in targeted export markets. To the extent that certification is a prerequisite for exports of specific products and materials, KPEP will support these firms in their goal to achieve such international certification. Assisted firms will improve the quality of products and services, improve production efficiency, and as a result, increase sales, and create new jobs. KPEP will also support local producers to participate in trade shows and B2B's events so that they can establish new business linkages.

Anticipated results would include:

- 3 locally manufactured building products received international certification
- Assisted firms realize €1.5 million in increased sales
- 20 new jobs created in assisted firms
- At least one firm exports a product to a new market

Activities	Status
Identify firms and products with high potential for import replacement and export	1. Completed
2. Provide technical assistance to target companies to improve production efficiency and meet international standards	2. Ongoing
3. Improve marketing, business linkages and customer services	3. Ongoing

3rd Quarter Progress

Though good progress has been made under this objective, significant efforts will be required to accomplish the goals set in the Workplan by the end of Year 2.

- 1. Identify firms and products with high potential for import replacement and export In Q3, KPEP identified five building materials companies as chosen candidates for a technical assistance program.
- 2. Provide technical assistance to target companies to improve production efficiency and meet international standards

MOUs with BMMs are now signed. KPEP, in cooperation with BMMs, is determining the assistance that is most appropriate and necessary to begin the activity.

3. Improve marketing, business linkages and customer services

During our evaluation of the learning needs of BMMs, we found that most of them lacked marketing and sales skills. A training session on marketing and sales is scheduled for July 1-2. SOWs are being drafted to address additional training needs identified including how to write proper product specifications.

Quarterly results on key performance indicators

Sector/Sub-sector	Increase in Sales	Increase in Exports	Increase in FTE Jobs	Increase in Investment	Number of enterprises
Construction	20,767,831	10,674,731	601.09	11,296,444	15
Construction Materials	2,515,571	24,671	165.51	3,170,000	8
Road Construction	18,252,260	10,650,060	435.58	8,126,444	7

3. SECTOR: FORESTRY AND WOOD PRODUCTS

Sector Strategy: The overarching goal of the forestry sub sector is to increase the supply of local wood for the processing industry, including access to certified wood. We will work on forestry certification, combat illegal logging, and pilot better forest management practices under the new law on Public Private Partnerships (PPPs). We will also improve tendering procedures and continue efforts to use biomass as a renewable energy source.

■ Success Stories ■

Wood News: The Paas' Products Managing Director visited Pej this quarter, accompanied by his Croatian sourcing agent. On this, his second visit, he examined his most recent small order with the wood processing company Kosovawood of 10 premium solid wood Red Heart Beech tables which are for the German market. Pleased with how the tables were prepared, he left having signed a contract to supply up to €500,000 worth of tables and cabinet furniture in Beech and Oak during the August 2010 to July 2011 period. This contract positions Kosovawood in a very good light relative to other new business being sought for the company.

Handicraft Development: An initial trial order for just 10 handicraft pieces has been accepted by Trinity College Souveneir Shop as trial products developed by ATELE, Gjakova, with guidance from KPEP personnel. This is a precursor to a larger trial where it is hoped that cooperation between ATELE resin based handicrafts and woodwork supplied by Hilmi Deva, also of Gjakova will develop into the tourist markets of Ireland, the UK and other countries including Kosovo. Should the trial go well, the potential in Ireland alone could develop to €100,000 a year.



Picture 1: Paas Products Checking a Kosovo Wood Product



Picture 2: Kosovo Handicraft for Trinity College, Dublin

3.1. SUB-SECTOR: FORESTRY

Sub-sector Strategy: Kosovo's forestry sector is confronted with the reality that market access is severely limited unless wood originates from certified forests and wood products can be traced through a certified chain of custody (CoC). Certified wood products will be the rule rather than the exception in Europe and North America, and to be competitive Kosovo must address certification. Of the ten principles and criteria to which Kosovo must comply

for certification, illegal logging is the greatest challenge. The Year 2 strategy for KPEP Forestry will be to move forward with forest certification and to implement a parallel effort to address illegal logging.

Although an effective program to address illegal logging is a principle within FSC, KPEP will implement a strategy to reduce illegal logging as a parallel effort. Illegal logging is pervasive and extremely costly. Past efforts to address illegal logging have failed due to the lack of a strategic approach. KPEP's Year 2 strategy will involve 1) public awareness; 2) community involvement; and 3) law enforcement.

The law on forests limits forest concessions/leases to one year, but KPEP can assist the Ministry of Agriculture, Forestry and Rural Development (MAFRD) to develop a more transparent process in developing, issuing and awarding tenders. There may also be options in developing renewable leases based upon a harvesting company's development of a long term forest management plan or adherence to an existing plan. The most effective approach would be to integrate regional best practices into the tendering process.

Anticipated Results

The timetable established by KPEP anticipates that Kosovo could have two forest

Objective 1: Forest certification through Forest Stewardship Council

_	management units certified in October 2011 and an additional forest management unit certified by September 2012.				
	Activities	Status			
1.	KPEP Forestry Specialist will chair the Kosovo Standards Development Group	1. Ongoing			
2.	Develop a forest certification manual	2. Completed			
3.	Develop Forest Stewardship Council Standards	3. Completed (Draft)			
4.	Identify at least three forest management units for forest certification	4. Completed			
5.	Forest certification gap analysis	5. Completed			
6.	Forest certification training for the local stakeholders and communities within the candidate forest management units	6. Ongoing			
7.	Forest certification training for Ministry of Agriculture, Forestry and Rural Development (MAFRD) personnel	7. Ongoing			
8.	Conduct pre-certification forest	8. Completed			

testing	
9. Chain of custody training for Association of Wood Processors of Kosovo (AWPK)	9. Ongoing
10. Conduct a forest certification assessor's training	10. Ongoing
11. Execute a forest certification communication plan	11. Ongoing

3rd Quarter Progress

Progress on this objective has exceeded expectations. The progress is on schedule to meet the anticipated results.

1. KPEP Forestry Specialist will chair the Kosovo Standards Development Group

The KPEP Forestry Specialist chairs the Kosovo Standards Development Group. Members include:

- Elez Krasniqi, University of Pristina, president of environmental chamber
- Naser Bresa, Ecological Association of Prizren, environmental chamber
- Agron Millaku, MESP, environmental protection, environmental chamber
- Hajrush Kurtaj, MAFRD, president of economic chamber
- Bekim Topalli, MAFRD KFA, economic chamber
- Sasa Vukadinovic, SOE Hrast, economic chamber
- Naim Ramadani, Assoc of Forest Engineers, president of social chamber
- Bashkim Gashi, Private Forest Owner Assoc, social chamber
- Nijaz Tershnajku, Hunting Federation of Kosovo, social chamber

The Standards Development Group convened on three occasions this quarter:

- April 30 to review the initial findings of the pre-certification forest testing
- June 3 to develop a response to the final report of the pre-certification forest testing
- June 29 to develop forest management standards version 2.1

2. Develop a forest certification manual

The certification manual is a layman's publication, available on the KPEP website in three languages, and part of the forest certification communication plan.

3. Develop Forest Certification Standards

At the end of the quarter, the Standards Development Group reviewed and approved the Kosovo forest management standards version 2.1. This version will be submitted to the public for a 60-day review and comment period.

4. Identify at least three forest management units for forest certification

- Dragash, Kortinik II forest unit
- Kaqanik, Ahisht forest unit
- Decan, Kozhnjer forest unit

5. Forest gap analysis

The gap analysis, which is an internal test of the Kosovo forest management standards application to current practices, indicated that record keeping was one area that required improvement. Under KPEP guidance, the forest management units improved record keeping.

6. Forest certification training for local stakeholders and communities within the candidate forest management units

Planned for Year 3.

7. Forest certification training for Ministry of Agriculture, Forestry, and Rural Development (MAFRD)

Throughout the forest standards development exercise, KPEP has provided training to personnel at MAFRD and KFA, as well as to personnel in the targeted forest management units. More extensive training is planned in Year 3, when the second draft of Kosovo's forest certification standards is in the hands of the Forest Stewardship Council.

8. Conduct pre-certification forest testing

During this quarter, KPEP engaged Soil Association – Woodmark, a forest certification auditing firm approved by the Forest Stewardship Council to conduct pre-certification forest testing of Kosovo's forest management standards. The main conclusion of the forest testing was the following: "Generally, the forest stewardship standards for the Republic of Kosovo appear to be robust and well established. The principles and criteria were further developed in indicators and verifiers, which are locally adapted." Recommendations to further develop the indicators and verifiers were a matter of discussion and decision by the Standards Development Group (SDG).

9. Chain of custody training for Association of Wood Processors of Kosovo (AWPK)

The members of AWPK have very limited knowledge and this effort would be best served by raising awareness in Year 2 and in Year 3 to provide training.

10. Conduct a forest certification assessor's training

Although the gap analysis and forest testing provided preliminary training for key stakeholders, the formal training will be scheduled for Year 3.

11. Execute a forest certification plan

The communication plan is ongoing, primarily through the KPEP website. Additionally, interviews with the forest certification consultant, Ratko Matosevic, are being conducted with the media.

Objective 2: Reduce illegal logging

Anticipated Results

There will be increased awareness among key stakeholders and the population in general about the extent and adverse effects of illegal logging. Development of a national strategy with key stakeholders will include increased public awareness, local community involvement, and greater efforts by law enforcement. Illegal logging activity in the forest certification management units, identified in Objective 1, will be reduced.

Activities	Status
1. Develop a national strategy to reduce	1. Completed

illegal logging

- 2. Implement key measures under the national strategy developed under Activity 1
- 2. Postponed

3rd Quarter Progress

Progress on this objective has required a change in strategy.

1. Develop a national strategy to reduce illegal logging

In the first quarter of Year 2, KPEP produced a national strategy based in part upon the development of a National Forest Board, which is within the Law on Forestry. The National Forest Board would assume responsibility to coordinate and monitor the KFA, law enforcement relative to illegal logging, and the prosecution of offenders. The National Forest Board would report to the Prime Minister.

2. Implement key measures under the national strategy developed under Activity 1

Stakeholders and forestry experts interviewed recommended that the forest board concept be moved from a national board to municipal boards and that two pilots in Decan and Junik would prove beneficial in addressing local illegal logging. The STTA who developed the municipal concept developed a budget, which KPEP has deemed too expensive to implement under current funding. The status is postponed because some elements of the municipal forest board, such as monitoring, could be implemented at a later time in relation to forest certification.



Objective 3: Improve government leasing and tendering practices

Anticipated Results

Improved understanding on the part of key stakeholders of international best practices in tendering and leasing procedures for forest assets. Specific reform measures adopted by government. In the long run, we anticipate that there will be improved access by local wood processors to timber from public forests and better long term management of forest assets.

Activities	Status
1. International best practices study	1. Completed
2. Promote awareness of international best practices among key stakeholders	2. Ongoing
3. Support the development of a Forestry PPP Model Contract	3. Ongoing

3rd Quarter Progress

Progress on this objective has accelerated and we expect to gain significant traction in the upcoming three quarters.

1. International best practices study

KPEP conducted an on-the-ground survey of forestry tendering practices in three countries – Romania, Slovenia, and Montenegro – and compiled the findings into a study and collection of best practices in the region. The best practices ranged from short term leasing with heavy government oversight in Romania, to 20-year leases with heavy private sector responsibility for forest maintenance in Montenegro. The findings were presented to stakeholders in Kosovo, with the objective of exploring possible appropriate mixes of public sector- private

sector allocation of responsibilities.

2. Promote awareness of international best practices among key stakeholders

With the help of an international legal expert, KPEP condensed the information found in the best practices study, and reviewed the possibilities for allocation of responsibilities between the public and private sector. We then presented these findings to MAFRD for review.

3. Support the development of Forestry PPP Model Contract

Using all information gathered thus far, KPEP has drafted a concept paper outlining our recommendations for reform of the tendering process. MAFRD has, as a result, been enthusiastic for reform, and has asked for assistance in drafting a new procedure into the Law on Forests. KPEP also provided a model contract that illustrates the public-private allocation rights and responsibilities.



Objective 4: Promote use of bio mass as an alternative energy source

Anticipated Results		
At least one new investment in biomass pro	oduction using wood and forest waste in the	
production of briquettes and/or wood pellets.		
Activities	Status	
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Activities	Status
1. Key measures identified in feasibility	1. Ongoing
study undertaken in Year 1 are	
implemented with support from	
KPEP	

3rd Quarter Progress

Progress under this objective is satisfactory.

The key element for economies of scale in a biomass operation is access to timber harvest waste. In order to gain access, the biomass operation must have a lease, preferably long term, to collect timber harvest waste. KPEP has been working with a wood processor who can access the forests via a lease with the SOE Hrast in Leshak to procure a dryer adequate for drying chipped timber harvest waste.

3.2. SUB-SECTOR: WOOD PRODUCTS

Sub-Sector Strategy: The first year strategy for this sub-sector focused on developing new markets and products as well as strengthening AWPK. KPEP continues implementing this strategy, and will invest more effort into understanding the needs of high potential markets and development of new products that meet these international standards. Because this sector has already shown promising results, KPEP will expand the sector strategy to assist the wood processors with improving their production techniques and business practices. Planned activities in this area will include training on business finance, such as understanding a company's cost of production, improving the manufacturing process, development of export plans, and technology transfer.

KPEP will further continue its efforts of building capacity at AWPK, to include assistance with annual planning, both programmatic and operations, training in advocacy, and development of additional services to its members.

KPEP expects that as a result of Year Two efforts the wood processing sector will have a better understanding of the end markets and how to produce for them, a better understanding of their own operations, an appreciation for internships and on-the-job training, and that the Association will become a more sophisticated provider of services with a broader membership base and improved long-term financial sustainability.

Objective 1: Developing new markets and new products of international quality standards

Anticipated Results

KPEP will work with client firms to develop at least four new products or new designs for existing products. The export market is attractive and as wood processors learn more about the end market, they will respond by entering into at least three new markets.

Activities	Status
1. Develop new business linkages	1. Ongoing
2. Participate in both regional and international trade shows	2. Ongoing
3. Identify new products	3. Ongoing

3rd Quarter Progress

Progress in this area has been excellent. Several new exportable products were developed this quarter and Kosovo furniture was introduced into three new markets: Germany, Montenegro and Denmark.

1. Develop new business linkages

KPEP's wood processing advisor Bill Vernon, through his excellent contacts in the industry, has introduced Kosovo furniture to several international buyers. One direct result of these activities, as well as Mr. Vernon's efforts to improve production process and product quality, was the introduction of Kosovo-made furniture at the international furniture show in Barntrup, Germany, which was represented by the Danish buyer PAAS Products this quarter:

- Kosovawood developed tables and cabinets for PAAS Products, branded as "Extenzi Furniture". PAAS Products placed an initial small order of 10 high value tables and considered the product to be quite satisfactory. PAAS Products subsequently signed a one-year contract with Kosovawood for a total amount of €500.000.
- Elnor developed a dining chair for PAAS. This has led to an initial order of 50 chairs, with additional projected orders in the amount of €100,000.

2. Participate in regional and international trade shows

Budva: With KPEP support, seven members of AWPK exhibited at the Budva, Montenegro furniture show in May. The event was the first opportunity for Kosovo wood processors to exhibit their products in Montenegro. As a result:

- Companies have gained an understanding of the end market demand in Montenegro, particularly in the hospitality sector (hotels and restaurants) and plan to continue to exhibit at this show in coming years.
- By applying lessons from trade fair preparation training held by the KPEP advisor, companies were well prepared and understood the importance of identifying a local partner.
- AWPK members sold products in the value of €21,300 at the fair.

• Both Lesna and Elnor set up a distribution network for the Montenegro market.

Xylexpo: KPEP also assisted AWPK members with a visit to the woodworking machinery Xylexpo in Milan in May. The event allowed 24 technicians from 21 wood processing firms to learn about new technologies and industry trends. Companies purchased equipment in the amount of $\[\in \] 200,000$. A majority of the participants were interested in CNC machines and CNC software.

Natyra: 46 wood processing companies exhibited at the "Natyra 2010" wood processing fair, June 10 - 13 in Pristina. For the second consecutive year, KPEP provided financial support to AWPK to organize the show, however, at a lower cost share than last year. Clients reported approximately €200,000 in furniture and equipment sales as a result of the event.

3. Identify and develop new products

In this quarter, KPEP has supported the development of "Extenzi", a set of furniture products represented by PAAS Products from Denmark. The following products, designed by a well known Danish designer and made in Kosovo, were exhibited in Germany in April (also see Objective 1, Activity 1):

- Dining room table, four different sizes, using solid beech wood developed and manufactured by Kosovawood/Peja
- Sideboard made of solid beech wood, developed by Kosovawood/Peja
- Cabinet made of solid beech wood, developed by Kosovawood/Peja
- Bench made of solid beech wood, developed by Hilmi Deva/Gjakova.
- Chair made of solid beech wood developed by Elnor/Prishtina

Other successful new products and linkages were developed between:

- Ahikos/Ferizaj and Reading Furniture from the UK. Negotiations are in process for deliveries of wood frames for upholstered chairs.
- Atele 33 from Gjakova and an Irish buyer, for handicrafts made from resin with wood frame. Negotiations are in process.

Objective 2: Improve production techniques and business practices

Anticipated Results

Companies will better understand their internal cost structures, have plans in place for improving processes and increasing exports and develop furniture design skills. In the long run, wood processors have higher quality products and increased market share.

Activities	Status
1. Provide training on business finance	1. Ongoing
2. Support the development of export plans	2. Ongoing
Provide assistance to improve manufacturing processes	3. Ongoing

3rd Quarter Progress

Progress in this area has been satisfactory. Assisted firms are reducing costs and meeting quality requirements of international buyers.

1. Provide training on business finance

KPEP conducted manufacturing cost analyses with four companies developing new products: Kosovawood, Elnor, Hilmi Deva and Ahikos. The companies have gained basic knowledge about cost centers and pricing policy, and possible cost reductions are in process. Cost reductions to some of the manufacturing processes are achieved. (KPEP's estimation is a 5% cost reduction to the aforementioned client companies overall – a continuation from the previous quarter).

2. Support the development of export plans

Through better end market information, wood processing companies will be able to develop a plan that targets a specific market with a solid product. As a result of KPEP's assistance in this area, Kosovawood is becoming a solid wood furniture manufacturer and exporter. KPEP has established several linkages for the company and is contributing to the development and implementation of an export strategy. KPEP has also provided export strategy assistance to Elnor, which has become a strong maker of medium and high-end chairs, and Ahikos, which is producing medium and high-end upholstered furniture.

3. Provide assistance to improve manufacturing processes

KPEP has assisted several companies with improving their manufacturing processes. This assistance has been directly linked to the establishment(through Bill Vernon's efforts) of business linkages with international buyers who are demanding higher quality and better-designed products. Mr. Vernon has invested considerable time into teaching the firms how to improve the quality of their products.

As mentioned earlier, KPEP also assisted AWPK members with a visit to the woodworking machinery show Xylexpo in Milan in May (fair participation preparation, translation, technical advisory at the show). The event allowed 24 technicians from 21 wood processing firms to learn about new technologies and industry trends. Companies purchased equipment in the amount of &200,000. A majority of the participants were interested in CNC machines and CNC software.

Objective 3: Strengthen the Association of Wood Processors in Kosovo (AWPK)

Anticipated Results

KPEP's goal is to improve the financial sustainability of AWPK, as well as its ability to provide value-added services to its members, including lobbying and advocacy, and to provide information to its members. We expect that AWPK's rating on the KPEP Association Development Index increases as a result of these initiatives.

Activities	Status
Assist AWPK in developing and implementing its annual plan	1. Complete
2. Support AWPK in participating in international initiatives	2. Ongoing
3. Support Kosovo Standards Agency (KSA) and wood products development committee to identify, adapt, and implement EN standards	3. Ongoing

3rd Quarter Progress

Progress for this objective is satisfactory.

AWPK is on target to become a mature organization, providing valued services for which members are willing to pay. 70% of AWPK's annual income comes from the Natyra fair, held annually in Pristina, and from organizing visits and exhibitions to regional and international fairs. KPEP and AWPK are jointly developing a number of projects that will benefit the wood industry and help ensure the association's financial sustainability.

1. Assist AWPK in developing and implementing its annual plan Completed

2. Support AWPK to participate in international initiatives

- As a result of an agreement between UEA (European Federation of Wood Processors) and AWPK, AWPK is now the recognized Kosovo Wood Industry Representative at international organizations such as the UEA. AWPK participated in the annual UEA meeting in Brussels this quarter. AWPK and UEA agreed to implement training on EU rules related to safety at work in the wood processing industry. KPEP had assisted AWPK with its initial communications with UEA.
- Exhibits/Participation in regional and international trade show See Objective 1, Activity 2

KPEP worked closely with AWPK and IPAK on planning further activities related to export and investment promotion. As a result, IPAK has granted to AWPK financial support in order to fulfill planned assistance at trade fair and B2B events.

 ${\bf 3. \ \, Support \ \, Kosovo \ \, Standards \ \, Agency \ \, (KSA) \ \, and \ \, wood \ \, products \ \, development} \\ committee to identify, adapt, and implement EN standards}$

KPEP is a member of the standards committee. No meeting was held this quarter.

Quarterly results on key performance indicators

Sector/Sub-sector	Increase in Sales	Increase in Exports	Increase in FTE Jobs	Increase in Investment	Number of enterprises
Forestry and Wood Processing	6,670,808	277,420	72.06	1,419,308	7
Wood Processing	6,670,808	277,420	72.06	1,419,308	7
Forestry	-	-	-	-	-

4. SECTOR: INFORMATION AND COMMUNICATION TECHNOLOGY

ICT is a relatively new and undeveloped industry sector in Kosovo.

The KPEP ICT sector strategy focuses on developing activities that will lay the groundwork for future growth in the industry.

KPEP's Year 2 activities are based on four objectives:

- 1) Improve marketing and sales capabilities for selected firms and expand market linkages;
- 2) Improve workforce skills and support job placement services in the ICT sector;
- 3) Strengthen ICT Association and;

■ Stakeholder Insight ■

Kosovo IT company received assistance to attract foreign investment

"On behalf of CACTTUS, I want to express our thanks for helping us our along the process our company is going through. As anticipated, things are on the right path and we are halfway through an extremely important, sensitive process that is going to change both the outlook or our company and our loves as part of CACTTUS.

The experience and recommendations of the consultant that you were so kind to provide were of a particular significance in this process, and have helped us immensely in outlining)and/or drafting) the right strategy for the future of CACTTUS."

-- Drinton Hapciu, Managing Director CACTTUS

4) Improve the legal and regulatory environment of the ICT sector.



Picture 1: Opening of the Business Process Outsourcing Conference in Pristina



Picture 2: KPEP's BEE Advisor at the Kosovo-Albania ICT B2B in Tirana

Objective 1: Improve marketing and sales capabilities for selected firms and expand market linkages

Anticipated Results

By improving the marketing and sales capabilities of select firms, creating new market linkages and preparing marketing strategies for penetration into these new markets, the assisted firms will realize increases in sales and exports. Specific goals include:

- Increased sales of products and services by companies participating in B2B events. At least two new sales contracts achieved within three months of the event.
- 10% increase in the value of contracts outsourced to local ICT companies both by the GoK and by international companies.
- Kosovo Call-Centers obtain inbound business. At least 50 people employed in inbound call centers.
- The B2B portal reduces the cost of the bidding process by providing tender documents, a repository of information on past projects, and enhanced transparency in the GOK tendering process; the portal becomes a one-stop shop for all government tenders.
- At least 30 companies from tourism and other KPEP sectors participate in the E-Marketing Workshops, acquire the knowledge to improve their marketing, and harness the potential of a new online channel for increased sales.
- An ICT Fair in Pristina is successfully organized by the ICT Association. Corporate
 participation increases by at least 20 companies. The fair enables networking and
 building business relationships between sellers and buyers, and thus a potential for an
 increase in sales.
- Participating companies learn Customer Relationship Management techniques, which enable them to increase sales and realize better customer management and higher customer retention.

customer retention.	
Activities	Status
1. Regional ICT B2B events	1. Ongoing
2. Workshop on Outsourcing	2. Completed
Support for the development of inbound call centers	3. Ongoing
4. B2B Portal	4. Under Review
5. E-Marketing Workshop	5. Completed
6. ICT Fair in Pristina	6. Cancelled
7. Training in ICT Sales and Customer Relations Management (CRM)	7. Completed

3rd Quarter Progress

Progress under this objective has not fully met expectations. Excellent progress was made with some activities; however, others have been delayed or have not been implemented (B2B events, ICT Fair, respectively).

1. Regional ICT B2B events

KPEP contracted with the Kosovo ICT Association STIKK to organize, in collaboration with

the ICT Association of Albania (AITA), two regional B2B events - one in Kosovo and one in Albania. Initially proposed by the Association for December, the first event in Tirana has now been rescheduled for July 1. The delay was a result of the ICT Association's very busy schedule and a lack of interest by the members during the early part of the year. However, the Association and some of its members participated in regional events organized by others, including a B2B organized by RCI in Ohrid.

2. Workshop/Conference on Outsourcing

This activity was co-funded by IPAK and hosted by STIKK. KPEP advisor Michelle Messina conducted a workshop designed to increase awareness of business process outsourcing (BPO) opportunities for the Kosovo ICT industry. The event featured presentations by three reputable local companies, MC Communications, 3CIS, and Zero Pozitive Publicis, who presented their BPO experiences. IPAK and the Telecommunications Regulatory Authority presented their plans and strategies for the BPO sector, particularly ICT and Call Centers in Kosovo. Conference attendees included 26 participants from 18 companies, representatives of IPAK, TRA, MTPT and STIKK. The event received excellent coverage in local media, including TV Dukagjini, www.Kosovaexpress.com, Bota Sot and Kosova Sot newspapers. The advisor is currently collecting input from workshop participants and will finalize a position paper on BPO that will serve as the basis for policy recommendations, advisory papers and other advocacy activities by the ICT Association in this area.

3. Support for the development of inbound call centers

In Q1, KPEP commissioned a survey of Kosovo call centers with Index Kosova. The purpose of the study was to identify the number and type of call centers that exist in Kosovo, their main activities and their perceived training needs. The results of the study revealed tremendous developments in the call center sector in a very short time, and suggested areas of intervention. The survey results fed into the design of the "Workshop on Outsourcing" activity, where the study was presented. KPEP is also preparing an RFP for call center training, and is in contact with a few existing call centers to provide them with targeted assistance.

4. B2B Portal

KPEP is currently reviewing this activity due to questions about its long-term financial sustainability.

5. E-Marketing Workshop

Activity completed in Q2. Three e-marketing seminars were held for the ICT industry, tourism companies, and for association directors.

6. ICT Fair in Pristina

Despite earlier plans to the contrary, the ICT Association decided not to organize its own IT fair. Instead, it provided assistance to CEO-Kos, the Kosovo-based fair company, disseminating information about the fair to its members. However, the results of this show are mixed at best, due to a lack of industry focus. Should STIKK decide to organize an IT fair next year, KPEP stands ready to support it.

7. Training in ICT Sales and Customer Relations Management (CRM)

STIKK, with KPEP's support, offered training on customer relations management (CRM) as a value added service for its members in this quarter. KPEP identified the advisors, and provided a local trainer who will carry this activity forward. The workshop was followed by

one-on-one training sessions, and score cards were developed by the advisor for selected firms (six firms signed up for this evaluation). The advisor is providing mentoring and advisory to these firms over the next six months. The scope of the training was expanded to include a second day of training for a group comprised of industry associations and select KPEP government partners, specifically TRA and IPAK. Overall, 22 participants from 15 companies: two from IPAK, three from TRA, two from the Chamber of Commerce, one from AMIK, two from AmCham, one from SCAAK, one from AKA-KODAA and one from RCAK attended the training. The participants evaluated the training as excellent.

Objective 2: Improve workforce skills and support job placement services in ICT sector

Anticipated Results

Improved workforce quality will be demonstrated by an increase in the number of local ICT professionals with internationally-recognized certifications; increased employment and retention of ICT professionals; increased number of Kosovo ICT professionals with PMP certifications; and increased capacity of ICT firms to manage and successfully complete complex projects.

- Approximately 50 people trained in internationally recognized certification programs, out of which 10-20 % achieve final certifications.
- Approximately 10 people trained and certified with internationally recognized PMP certifications.
- Security skills training programs develop and become available in Kosovo. Approximately five people certified in security disciplines.
- 50 youth successfully recruited within three months of the fair date.

Activities	Status
ICT Vendor Training and Certification	1. Ongoing
2. PMP Training and Certification	2. Ongoing
3. Information Security Capacity Building (changed from Cyber Security Training)	3. Ongoing
4. ICT Job-Fair (organized together with Workforce Development)	4. Completed
5. Feasibility Study on ICT Business Incubator	5. Completed

3rd Quarter Progress

Progress under this objective is satisfactory. However, additional efforts will have to be made to achieve the numeric training goals that we set for ourselves at the beginning of the year, including international certifications. Job placement numbers from the job fair were disappointing.

1. ICT Vendor Training and Certification

ICT Training and Certification and the PMP training were initiated in Year 1 and are still ongoing. KPEP supports trainees that obtain internationally recognized certifications in

computer networks, programming and IT systems design and implementation. To date, 40 people have been trained; ten of these people received 27 certifications.

2. PMP Training and Certification

KPEP sponsored MDA Consulting to become a Registered Education Provider for Project Management Professional (PMP) trainings. The first testing is scheduled for September 20. It will be a paper-based test, since PMI did not confer to MDA the right to carry out electronic testing. To date, MDA has offered the course two times and has trained 14 people.

3. Information Security Capacity Building (changed from Cyber Security Training)

The IT Supply-Demand Survey commissioned by KPEP earlier in the year indicated a strong interest by the professional community in IT company level security certifications, such as ISO 27000. In addition, trained professionals are needed to support Information Security (IS) projects. KPEP has selected Macedonia based Trajkovski&Partners to conduct an IS needs sector assessment and to select the three or four most qualified and interested companies for support with ISO certification on a cost share basis. KPEP will also support IS training and certification for up to five qualified professionals.

4. ICT Job-Fair

The outcome of the job fair organized by STIKK at the end of the past calendar year was disappointing. Though the fair was well organized and used innovative methods (on-line job applications) and 1,000 candidates applied for 30 available jobs, the results, to our surprise, were minimal. Feedback from the companies indicated that candidates aspired for positions for which they were not qualified and that there was a wide gap between the skills companies required and what candidates had to offer. In addition, candidates were not well prepared for the job interviews. These lessons learned will be incorporated in further training activities, including the design of the ICT Skills-Gap Analysis, scheduled for Q4 under the workforce component.

5. Feasibility Study on ICT Business Incubator

This study, conducted by two international consultants in Q2, confirmed that an ICT incubator in Kosovo is viable. KPEP has shared the study with other donors, including the Government of Norway (GoN), which has announced plans to establish such an incubator in Kosovo. KPEP has communicated to the Embassy of Norway that we are ready to provide technical assistance.



Anticipated Results

The anticipated results for this objective is for the ICT Association to launch the first advocacy initiative, increase membership from 61 to 70 companies, and increase association revenue by offering value added services.

Activities	Status
Training in association building	1. Completed
2. Skills training offered by the ICT Association	2. Ongoing

3rd Quarter Progress

Progress under this objective is satisfactory. Membership has now grown to 69.

1. Training in association building

Following the return visit of Associations Advisor Bob Stapp, KPEP has continued to provide assistance to STIKK. We are advising them on the development of their strategic plan, the development of a work plan and a yearlong activity plan to be submitted to KPEP with a request for support.

2. Skills training offered by the ICT Association

KPEP strives to make all its ICT advisors available to the industry through the Association. The most recent example was advisor Michelle Messina, who presented an outsourcing and BPO program to the sector through the Association.



Objective 4: Improve legal and regulatory environment for ICT sector

Anticipated Results

The primary goals of this objective are to establish the Internet Exchange Point (IEP) and the ccTLD. KPEP will support the Ministry of Transport and Communications and the Telecom Regulatory Authority to draft, approve, and issue regulations and instructions for the establishment of the Internet Exchange Point for Kosovo. Additionally, KPEP will identify a suitable operator for running the IEP. Creating the Internet Exchange Point in Kosovo will translate into considerable savings for all interconnected Internet Service Providers, increasing security and quality of Internet communications in Kosovo, and enabling local ICT businesses to develop new and competitive applications and services.

Likewise, establishing the ccTLD involves working with the Ministry of Transport and Communications and the Telecom Regulatory Authority and identifying a suitable operator to manage the ccTLD. The ccTLD for Kosovo will be reserved by IANA/ICANN and delegated to a Kosovo ccTLD manager, or registry, which will issue the first authorizations to registrars who in turn will sell domain names, facilitating a new set of services by local ICT companies such as domain name management and maintenance, and hosting and web services. The expected long term result is that Kosovo entities, both public sector and private, establish a national identity with the .ks domain name. This will allow for professional webpage and email addresses.

Activities	Status
Develop Internet Exchange Point (IEP)	1. Ongoing
 Support the GOK to obtain and manage dot KS (.ks) Country Code Top Level Domain Name (ccTLD) 	2. On hold

3nd Quarter Progress

KPEP focused entirely on IXP activity, where progress has been excellent. However, progress on .ks continues to be stalled at the international level.

1. Develop Internet Exchange Point (IXP)

The IXP is an activity continued from Year 1. Establishment of an IXP in Kosovo is in the Telecommunications Regulatory Authority's (TRA) work plan for this calendar year. In this

quarter, KPEP assisted with drafting of the MoU between the TRA and the University of Prishtina (UP), for establishing the Internet Exchange Point in Kosovo (IXP) which specifies detailed obligations of each party. In addition, the TRA has been assisted with drafting all necessary regulations that enable this arrangement and the establishment of an IXP, including a consultation paper, a draft of the TRA decision on the consultation process, and TRA's order amending ISP licenses accordingly. KPEP will assist UP, solely or in partnership with the Norwegian Government, to fully renovate and equip a suitable area offered for IXP by the Faculty of Electrical and Computer Engineering (FIEK). KPEP has commissioned the architectural drawing and the cost estimate for the build out of the space at UP. We have also assisted the TRA in submitting a grant request to the Norwegian Government to cost-share the establishment of the IXP. Once established, TRA has agreed to cover operational costs for running the IXP.

2. Support the GOK to obtain and manage dot KS (.ks) Country Code Top Level Domain Name (ccTLD)

KPEP has not initiated additional activities since Q1, pending developments at the international level, where this initiative has been stalled for several months. KPEP is in ongoing contact with US Embassy Pristina regarding this topic.

Quarterly results on key performance indicators

Sector/Sub-sector	Increase in Sales	Increase in Exports	Increase in FTE Jobs	Increase in Investment	Number of enterprises
ICT	621,893	35,000	38.39	93,001	5
ICT	621,893	35,000	38.39	93,001	5

B. Transactional Sectors

1. Sector: Tourism

Sector Strategy: KPEP's tourism strategy is to experiences market tourism the international community, help local experience providers¹ improve the quality and variety of offerings, and then seek to create regional linkages. We had a strong start in Year 1. KPEP achieved excellent results with its first major initiative, "Stay the Weekend – Experience Kosovo" exhibition in April for 40 tour operators, hotels, restaurants and other tourism establishments, with confirmed sales at over \$250,000.

Tourism is a transactional sector for KPEP, which means that we are seeking short- to medium return on our investment and to pursue targets of opportunity. Our original strategy in the sector was to focus on the thousands of expatriates who work in Kosovo and entice them to "Stay the Weekend -Experience Kosovo" by developing package tours for them, offered by local experience providers. While we believe that this target group continues to have great potential, we will shift our focus from organized tours to providing better information. primarily

■ Success Stories

Travel Day Fair 2010: Close to 100 companies exhibited at the 2010 Travel Day Fair, an event dedicated to inbound tourism and supported by KPEP in cooperation with KOTAS. This is double the number of exhibitors compared to last year's event. For the first time this year, all exhibitors paid a fee for their booth. KPEP clients reported immediate sales of €2,088 and 178 bookings for tours and handicrafts at the fair. Eleven companies interviewed two months following the fair reported sales of €195,000 and service to over 4,000 clients. They attributed about 15% of this sales figure to their presence at the fair.

FAM Trip: KPEP supported KOTAS with hosting a familiarization trip for Turkish tourism industry representatives from the Izmir region. Participants were enthusiastic about the tour. The Izmir Chamber of Commerce (ICC) shared their experience in 11 print ads and electronic media in Turkey. As a result, Kosovo has for the first time been included in a regional tour program organized by a Turkish tour operator who visited Kosovo. A group of 24 tourists from Izmir visited Kosovo in June. Moreover, one of the Kosovo experience providers was invited to Turkey to secure a proposed business relationship with one of the guests of the tour.

Regional Tours: As result of eight new partnerships established with regional tour operators by KPEP client Intours & Travel, Kosovo is now included in several regional tour packages for Kosovo-Albania-Macedonia. I&T also contracted with a French tour operator for a 15-day study tour through five countries in the region.

through the KPEP tourism blog and portal, to enable them to create their own itineraries. We will further assist with developing integrated tourism offers, including a wine tourism product for the region of Rahovec. We will also strengthen our activities in the regional market, forging partnerships with regional tour operators and to a lesser extent international tour operators and experience providers, to include Kosovo in multi-country regional tours, and to appeal to the ethnic Albanian market in Albania, Turkey and other destinations, as an additional and potentially more promising customer base.



Picture 1: Handicrafts exhibited at the Travel Day Fair 2010



Picture 2: FAM Trip delegation in front of the National Library in Pristina



Picture 3: Wine tour offered by I&T to a group of tourists from UK

¹ We use the term experience provider to include the full range of business that can offer services that together create a unique tourism experience. This includes tour operators, restaurants, hotels, the handicraft industry, industry cultural events, and others.

Objective 1: Strengthen market linkages between the local international community and experience providers and create greater awareness of tourism destinations in Kosovo

Anticipated Results

The anticipated results under this objective include increased sales and demand for tourism experiences and events by the international community, increased awareness among a broad range of businesses and communities about tourism as a valuable source of income and employment, as well as a source for protecting and sustaining cultural and natural heritage. We expect revenue for the tourism industry to increase by 30% and employment to increase by 20% for assisted tourism businesses and related organizations over the course of Year 2. We are also planning to convert 3% of tourism web portal visitors into customers.

Activities	Status
1. Marketing and promotion of product offers to selected international groups	1. Ongoing
2. On-line Tourism Marketing Portal	2. Completed
3. Travel Day Fair on April 22, 2010	3. Completed

3rd Quarter Progress

We have made good progress on this objective.

Our clients' sales increased by an impressive 42% in this past quarter. Employment gains were more modest at 3%. They hosted 1,990 international and 1,300 local tourists, most of whom singled out the blog on the KPEP website, the KPEP-supported portal, www.KosovoGuide.com, and the catalogue of tourism offers developed and widely disseminated by KPEP as their main sources of information. For example, the tourism section of the German Embassy's web page links to these websites, as well as to the websites of some of our clients.

1. Marketing and promotion of product offers to selected international groups

KPEP disseminated 2,000 copies of a Catalogue of Tourism Offers in English and Albanian, featuring 32 selected offers by 20 experience providers. The publication has proven to be an effective marketing tool. Our clients have reported increased interest and bookings following dissemination of the catalogue. For example, four UK tourists who are relatives of international expatriates in Kosovo booked a three-day tour with the Kosovo Tourism Group. KPEP is planning to issue a second edition of the catalogue.

"The Catalogue of Tourism Offers is a great publication. I believe that offers put together in one publication will generate more results than stand-alone ones. I will give copies of the catalogue to tour operators and businessmen who travel a lot, and I am convinced that my business will increase by at least 20% thanks to the catalogue," stated the owner of Motel Ljuboten in Brezovica.

This quarter, the National Geographic Traveller Magazine issued a special feature on the "hidden treasures" of the six countries that comprise the Western Balkans, including Kosovo. This initiative was co-sponsored by KPEP and the Ministry of Trade and Industry. KPEP organized several promotions around this publication, and it has attracted extensive media coverage in all major national media outlets.

KPEP also assisted a journalist commissioned by EasyJet to write about Kosovo and Pristina for its in-flight magazine. The magazine has a readership of four million people monthly across Europe and northern Africa. The article will be published in Q4.

2. On-line Tourism Marketing Portal

The KosovoGuide website, which was developed with KPEP support, was launched at the Travel Day Fair 2010 in April. The portal includes comprehensive information about tourism opportunities in Kosovo, features offers from experience providers, and informs viewers of current and upcoming events in Pristina and other cities in Kosovo. This quarter's Google Analytics Report revealed 9,122 visits from 81 countries/territories, three times the number of visits reported in the previous quarter and two times the number of countries. We have been very pleased with the quality and wealth of information that is being presented by the KosovoGuide. KPEP will continue to support the portal company to ensure the website becomes a financially profitable venture.

3. Travel Day Fair on April 22, 2010

The second annual Travel Day Fair took place on Earth Day, April 22. Again, the event theme was "Stay the Weekend – Experience Kosovo" and it was organized by KOTAS, with financial and organizational support by KPEP. Over 70 companies exhibited, and close to 30 restaurants competed for prizes in a gastronomy competition. This was more than twice the number of exhibitors at last year's fair. This was the first year exhibitors had to pay to participate. We estimate that 700 people visited the fair, which featured opening remarks by the DCM from the U.S. Embassy Pristina and the President of the Kosovo Tourist Association (KOTAS). Attendees included the Albanian and Slovenian ambassadors to Kosovo, a number of guests and tour operators from Macedonia and Albania, and several Kosovo municipal mayors. The KPEP-supported tourism portal "www.Kosovoguide.com" was officially launched and attracted extensive attention by both media and visitors. Immediate sales and bookings amounted to €2,000 and 178, respectively. The 11 companies that were interviewed two months following the fair reported total sales of €195,000 for over 4,000 clients. The companies attributed an average of 15% of their total sales to the Travel Day Fair.

Objective 2: Improve quality and variety of tourism experiences available from providers

Anticipated Results

The goal is to convert day visits into overnights and/or weekend tours thus increasing value of sales and adding value to tourism offers. KPEP will also improve service offerings through lessons learned and international best practices.

Activities	Status
Pilot new experiences with international community	1. Ongoing
Convert pilot tours into regularly scheduled quality product offers	2. Ongoing
International Study Tour in Best Practices	3. Completed

3^d Quarter Progress

Progress under this objective has been excellent.

1+2. Pilot new experiences with international community, convert pilot tours into regularly scheduled quality product offers

Below are examples of accomplishments achieved by our most successful clients in this quarter:

- KPEP assisted the Rudi Group company to develop a tailored package offer (B&B, traditional food, and ski lessons) for high school students from Peja. The package was eventually offered to the general population and the Rudi Group hosted 290 tourists and generated €11,010 in sales.
- On May 1, the Ranch organized the fourth annual horse race, introducing for the first time a Moto-Cross & Auto-Cross competition, a tourism offer exhibition and traditional handicrafts and fashion show. The event attracted approximately 1,500 people and generated immediate sales of €2,900 and 120 bookings. The event attracted significant media attention and as a result, the Ranch subsequently hosted over 2,000 local and international tourists and earned sales of €10,710, which is double the amount of the previous quarter. KPEP provided sponsorship and promotion and marketing support for the event.
- Intours & Travel hosted tourists from the UK, Japan, and France through partnerships with regional tour operators, generating sales of €15,130.

KOTAS received a grant from IPAK, Kosovo's Investment Promotion Agency, to promote Kosovo's tourism products in Albania in September. This was an initiative suggested by KPEP. The same activity, supported last year by KPEP, attracted a large number of tourists from Albania.

With the aim of developing integrated tourism offers, KPEP is in the process of compiling the Wine Tourism Strategy for the Rahovec region. The strategy, to be developed by KPEP advisor Elmar Kunz, will include a high level vision and action plan and a detailed description of proposed wine tourism initiatives that are realistic and feasible for Rahovec for immediate to mid-term implementation. KPEP has identified the Stone Castle winery as the lead company of this initiative.

3. International Study Tour in Best Practices

Completed last quarter.

Since the previous quarter, there has been significant follow-up by Bulgaria and Austria, two participants of the tourism study tour which was organized and funded by World Learning:

- A group of five study tour participants (Rugova Experience, Era, Marimangat e Pejes, Arteza, and Kosovo Tourism Group) worked with Odysseia-In, a trainer from the Bulgaria portion of the study tour, to develop a ten-day Bulgaria-Kosovo-Macedonia regional tour package, which was piloted in May for four international tourists. Odysseia-In group leader complimented the Kosovo hosts for their hospitality, praised the beautiful scenery, and expressed his intention to continue the cooperation.
- Air Tour, another beneficiary of the Tourism Study Tour, established a partnership with Albania's Alb Tours. As a result of this partnership, a group of 17 Japanese tourists visited Pristina and Prizren as part of a Austria-Kosovo-Macedonia-Albania-Montenegro regional tour.
- The NGOs Era and Marimangat e Pejes, in cooperation with the Peace and Collaborative Development Network, a free professional networking site with over 14,170 members from around the world, will organize a portion of the Kosovo program for the 'Balkans Peace Park Academic Expedition 2010 ICAR' in Balkan Peace Park, which will take place in Kosovo, Albania and Montenegro.

• Finally, with the aim of strengthening cooperation and converting small-scale tourism offers into integrated quality product offers, the tourism study tour participants have established the Kosovo Alternative Tourism Association (KATA).

Objective 3: Strengthen market linkages with regional tour operators

Anticipated Results Increased interest by at least two tour operators to include Kosovo in regional itineraries leading to increased sales from regional sources.

Activities	Status
Collaborate with regional tour	1. Ongoing
operators	

3^d Quarter Progress

We are satisfied with progress made in this objective.

KPEP's strategy to emphasize the importance of regional cooperation and strengthen activities in the regional market has proven to be correct. It has resulted in several partnerships established by our clients with regional and international tour operators to include Kosovo in multi-country regional tours.

KPEP's most successful client in this area has been Intours & Travel (I&T), which established eight new partnerships with tour operators from Albania, Macedonia, Montenegro, Japan, and France, as well as the UK's Regent Holidays from the UK, which continues to bring to Kosovo a considerable number of international tourists. As result of these partnerships, Kosovo is now included in the Kosovo-Albania-Macedonia regional tour. A French tour operator in partnership with five countries including Kosovo will soon pilot a 15-day geo-strategic learning tour. I&T will be responsible for organizing the five-day Kosovo itinerary. In addition, I&T has become a member of the Trends Hotel Network of 52,500 hotels worldwide, which will allow I&T to make on-line reservations for hotels and tours and bring international tourists to explore Kosovo.

With the aim of appealing to the ethnic Albanian market in Albania, Turkey and other destinations, as an additional and potentially more promising customer base, we organized a Familiarization (FAM) Trip May 24-27 for Turkish tourism industry representatives (tour operators/travel agencies, the Izmir Chamber of Commerce, the Turkish Ministry of Culture and Tourism, the Association of Kosovars from Urla, and the Federation of Izmir Balkan Associations). The trip provided an excellent opportunity for tour operators and associations from both countries to explore future cooperation.

As an immediate result of this FAM Trip, KOTAS, who implemented this activity, signed a cooperation agreement with the Izmir Chamber of Commerce and the Association of Kosovars from Urla. A week after the FAM Trip, Kosovo was included for the first time in a regional tour program and hosted 24 tourists from Izmir. Moreover, the Kosovo Tourism Group will travel to Izmir to sign a cooperation agreement with FAM Trip participant, Apak Turzim.

In addition, KPEP started an initiative in cooperation with NGO Arteza and the Municipality of Gjakova, to establish cross-border cooperation between the north of Albania and Kosovo aimed at attracting tourists to northern Albania to visit the Gjakovë/Đakovica municipality. We will build on this idea based on findings from a study trip to northern Albania planned for

early August.

Additional regional initiatives resulting from the World Learning Study tour to Bulgaria and Austria last quarter are described in the previous objective.

2. SECTOR: RECYCLING

Sector Strategy: KPEP's strategy for Year 2 is to pursue a national recycling program for PET while at the same time supporting small scale waste collectors on a pilot basis.

The PET Plastic Recycling Feasibility Study, which KPEP commissioned early last summer, was completed in the fall. From this study we learned that the price for PET continues to be depressed and as a result, there is little incentive for collection. The cost estimate for a nationwide PET collection exceeds KPEP's support capacity. Macedonia, which served as

■ Success Stories ■

Local PET recycler exports to Germany

As result of a linkage established by KPEP between the local recycler Kroni and the German company CSG Werkzeug Maschinen Service GmbH, an initial 15-ton (€6,750) shipment of PET flakes was made to Germany, with the opportunity for a one-year contract if the quality is confirmed as satisfactory. Kroni organized a reception at its premises to mark this occasion. Attendees included the mayor of Suharekë/Suva Reka and the CSG Representative for the Balkans. TV Prizreni, the Koha Ditore and Bota Sot newspapers and the online news agency Ekonomia-ks. covered the event.

the model for our strategy, benefited from a GDA grant from USAID Washington, an option that is no longer available. The study's author recommended that a PET collection system could initially be piloted in one or two municipalities, and if successful, rolled out into other communities.

In response to the study's recommendations, KPEP has encouraged a few interested municipalities to develop concepts for PET recycling operations. We intend to share the feasibility study with other donors to see if there is sufficient interest to pursue the nationwide program in collaboration with other donors.

KPEP has continued its outreach and advisory to small individual collectors, including the Kroni and MEA companies. We have also been actively engaged with US KFOR Bondsteel's efforts to reach out to communities in the area, including the Municipality of Gjilan, to educate them on the importance of recycling.

However, results over the past six months have been minimal. The return on investment that KPEP would like to achieve is not expected to materialize in the near future. At this point, KPEP will deemphasize activities in this area.

Objective 1: Assess the viability of a sustainable national program for PET recycling based on the Macedonia model

Anticipated Results

The feasibility study will demonstrate the viability of a sustainable nationwide recycling program for PET plastic. If findings are positive, early implementation steps will be undertaken. The long term expected results are increased investment, new jobs, and greater revenue in the plastic recycling sector.

Activities	Status
1. PET Plastic Recycling Feasibility Assessment	1. Completed
2. Implement measures to establish a sustainable nationwide recycling program for PET plastic	2. Ongoing - only if there is interest and financial support from other donors

3rd Quarter Progress

It is difficult to work in this market segment. The feasibility study completed by KPEP suggests scenarios that are mostly outside of KPEP's implementation abilities. We will share recommendations with USAID and other donors. KPEP has been pursuing smaller and more narrowly defined initiatives.

1. PET Plastic Recycling Feasibility Assessment

Completed

2. Implement measures to establish a sustainable nationwide recycling program for PET plastic

KPEP decided to share the results of the study with other donors to encourage them to contribute to this effort.

KPEP presented the findings from the study at a workshop organized by MESP and the municipality of Gjilan/Gnjilane, which introduced the idea of a pilot recycling project for this municipality in cooperation with Camp Bondsteel. A number of donors attended the workshop and listened to the study's findings. Another donor presentation will be made in Q4. Our research has shown that there are two likely donors who might be interested in supporting this effort:

- Mercy Corps: In March, the organization started a one-year project for paper and cardboard recycling. The project supports three pilot collection centers in Fushe Kosova, Podujeva, and Vushtri with equipment and collector trainings. Each municipality was awarded €15,000.
- UNDP and the Assembly of Kosovo launched the "Green Assembly" initiative which will place recycling bins in all Assembly halls. This activity is part of UNDP's Environment Campaign, which is intended to raise awareness about the importance of recycling and waste management for a sustainable environment.

Objective 2: Expand pilot recycling efforts, establish commercially relevant linkages, and promote organization and cooperation in small-scale private waste collection sector

Anticipated Results

To establish stronger links between waste collectors, sources of material, and potential value adding processors and buyers in Kosovo. In the long term we anticipate increased quantities of plastics and other waste materials recycled, greater investment, more value added processing of waste, increased revenues and exports, and more jobs.

Activities	Status
1. Assistance in establishing linkages between collection companies,	1. Ongoing
sources of supply, and markets, and	

targeted support to small scale collectors and waste processors as needed

3rd Quarter Progress

We are making progress in this area, however, at a lower level and a slower pace than we would like to see.

1. Assistance in establishing linkages between collection companies, sources of supply, and markets, and targeted support to small scale collectors and waste processors as needed

As result of a linkage established by KPEP between the local recycler Kroni and the German company CSG Werkzeug Maschinen Service GmbH, an initial 15 ton shipment (€6,750) of PET flakes was made to Germany in this quarter. The Germans offered a one year contract, if this first shipment was accepted. However, there were quality issues with this first sample, which KPEP is now helping to address.

In this quarter, KPEP has been approached by several recycling companies with a request for grant support. The two projects that have the highest potential for success include:

- MEA approached KPEP last quarter with the idea of expanding its PET collection network in the area of Ferizaj. KPEP has been working with MEA to define the collection scenario for a network of 24 villages and to secure signed letters of agreement from village representatives. However, MEA has thus far been unable to obtain permission from the Ferizaj Municipality to establish PET collection centers through such agreements. KPEP will continue to assist MEA with alternative collection scenarios.
- KPEP has also been approached by Greentech, a large Macedonian recycling company that recently established an entity in Kosovo called GRINTEH Sh.p.k. Its goal is to expand the collection network and strengthen the supply chain in Kosovo. Greentech asked KPEP for assistance with purchasing baling presses for collection firms. We are awaiting the submission of a formal request.

3. SECTOR: ENERGY EFFICIENCY

Sector Strategy: KPEP upgraded the Energy Efficiency sector from informational to transactional for Year 2. We had conducted some initial research which revealed that this sector holds potential, specifically in coordination with other project components, such as construction and forestry. We planned to focus on discrete initiatives that will help the sector increase sales, exports, employment, and attract FDI. However, the fact that the Government of Kosovo has no energy efficiency standards in place, nor plans to implement any in the near to medium future, has proven to be a challenge. In addition, energy prices are not at levels to ensure full cost recovery and non-payment is pervasive.

We undertook a comprehensive review of the regulatory/legislative landscape and the companies that are currently producing or may be interested to produce energy efficient materials. Only very few were identified. As a result, we have decided to incorporate building materials firms with an interest in energy efficiency into the building materials subsector. Efforts regarding biomass are handled in the wood processing/forestry sectors.

Our experience over the past nine months has shown that there is currently little opportunity in this sector. We will continue to monitor developments and act if and when opportunities arise. We will use the SAF fund to solicit proposals to demonstrate new and promising technologies.



Objective 1: Implement selected interventions recommended by the feasibility

Anticipated Results

KPEP will achieve a better understanding of the energy efficiency and/or renewable energy opportunities in Kosovo. In the long term we hope to grow or create a series of profitable businesses providing products and services related to energy efficiency and renewable energy. These firms will attract new investment, increase sales, and create new jobs. Harder to quantify will be the beneficial environmental and economic effects on the nation from using energy more efficiently.

Activities	Status	
Conduct feasibility study on energy efficiency and implement selected recommendations	1. Feasibility study was completed; findings indicate limited oportunites for investments in this sector at this time.	
3 rd Quarter Progress		

Because of promising opportunities in other transactional sectors, in this quarter there was no effort dedicated to this sector.

Ouarterly results on key performance indicators

Sector/ Sub-sector	Increase in Sales	Increase in Exports	Increase in FTE Jobs	Increase in Investment	Number of enterprises
Transactional Sectors	751,791	145,327	31.14	29,850	12
Tourism	735,757	137,176	30.76	13,650	10
Tourism	735,757	137,176	30.76	13,650	10
Recycling	16,034	8,151	0.38	1,200	2
Recycling	16,034	8,151	0.38	1,200	2
Energy Efficiency	-	-	-	-	
Energy Efficiency	-	-	-	-	-
Other	-	-	1	15,000	-
Metal Processing	-	ı	ı	15,000	-

C. INFORMATIONAL SECTORS

Sector Strategies: The informational sectors are Fishing and Aquaculture; Textiles, Apparel, and Leather; and Printing and Recorded Media.

KPEP's strategy in this sector is to monitor developments to determine if there are opportunities that warrant support, and to be open for initiatives that are brought to KPEP.

Objective 1: Research the informational sectors and identify viable opportunities for possible KPEP interventions

KPEP will achieve a better understanding of the market potential for informational sectors. When targets of opportunity are identified, selective KPEP interventions result in measurable results in terms of investments, sales, jobs, and/or exports.

Anticipated Results

Activities	Status
1. Continue to monitor and study the Fishing and Aquaculture sector	1. Ongoing
2. Perform a market survey and identify key apparel designers in the Leather and Textiles sector	2. Ongoing
3. Continue to monitor and study the Printing and Recorded Media sector	3. Ongoing

3rd Quarter Progress KPEP observes the market in these categories and reacts to targets of opportunity, if identified.

A number of opportunities materialized in this quarter as a result of KPEP initiatives in other sectors, and through grant requests brought to KPEP.

1. Fishing and Aquaculture

A Booz Allen team developed a strategy for the Ministry of Agriculture of high value, high growth new crops and animal products. Among the recommended animal products for cultivation was trout and sturgeon, both fresh and frozen. This initiative was considered to be outside of KPEP's scope. KPEP continues to be interested in other opportunities in this area as they are presented to the project.

2. Apparel and Textiles

In this quarter, a Booz Allen team researched Greenfield investment opportunities in Kosovo. One of the sectors highlighted as having strong potential was apparel and textiles. The investment team will develop a prospectus on such opportunities in Q4.

KPEP has received two grant proposals from companies that are investing in apparel production in Kosovo. One of them, a proposed €5m investment, requested assistance with training, the other with equipment. Both are currently under review.

Apparel and handicrafts companies were crucial to the success of the Travel Day Fair 2010 and the promotion of handicraft culture through the catalog of tourism offers, both supported by KPEP. The 15 companies/associations that exhibited at the fair told us they attributed €5000 in sales to contacts made at the fair. Two NGOs, Arteza and Jeta, were featured in a catalog of tourism offers. Their members include 500 women from Dukagjini region who produce traditional and contemporary clothes.

The minority women's association Ruka Ruci was supported by KPEP to attend the Novi Sad Agricultural Fair. The women sold handicrafts and other homemade products totaling €20,000 at their booth.

KPEP has begun training for women business owners, an activity which will continue into the fourth quarter. One of the companies included in the training is the owner of a handicraft store in Pristina.

KPEP considered organizing a fashion show to present locally designed and made fashion. A list of potential designers and apparel producers was compiled for this purpose.

3. Printing and Recorded Media

No activity in this quarter.

II. COMPONENT 2: BUSINESS SUPPORT SERVICES

Component Strategy: The Business Support Services (BSS) Component is designed to ensure that businesses in Kosovo have access to a full range of high quality services to support business growth.

In the original strategy, KPEP's BSS component was focused equally on capacity building of business service providers (primarily consulting firms) and of business and professional associations. However, we have since confirmed that a number of other donors are focused on developing the capacity of consultants. As a result, we have a more streamlined and focused approach for working with consulting firms, which will complement the work of other donor programs.

Currently, industry specific associations and umbrella business associations and chambers remain our principal targets for assistance under this component. We will measure progress using the Association Development Index (ADI), a tool that KPEP developed at the beginning of the project to measure the degree of maturity and sustainability of the associations. The index is updated annually.

■ Success Stories ■

Training for Women Business Owners:

KPEP organized a mentoring and coaching program for 16 of Pristina's women business owners. The course focused on helping them manage their businesses more successfully.

"From this training we learned that a sale is not something you pursue, it's what happens to you while you are immersed in serving your customer."

-- Vjosa Gjikolli, Dolceto Vjosa pastry shop owner

Association Study Tour:

Seven Kosovo professional associations participated in a study tour to Poland in April to learn effective lobbying and advocacy strategies. The participants informed KPEP that they acquired highly valuable practical knowledge. Four of the seven associations also reached informal agreements for cooperation with their Polish counterparts. The study tour was organized by a local lobbying firm.

"An outstanding opportunity for me to learn and see how other associations are operating. And I have established a new relationship with the Polish ICT Association."

-- **Vjosa Cavolli,** Executive Director of STIKK

Association Services:

2010 Natyra Fair organizer, AWPK, sold 95% of exhibition space. This service, provided to members and non-members for a differentiated fee, contributed greatly to the financial sustainability of the Association.

Our primary targets are associations that are active in the KPEP sectors – i.e. have common goals and are interested and willing to cooperate with KPEP. We are calling the associations that fulfil both criteria "Tier 1" associations. They are the recipients of the bulk of project resources in this area.

In this quarter, we have made a number of adjustments to the BSS work plan and its objectives and activities, in order to be more focused and targeted.

We have asked the associations to share their annual work plans with us and have also encouraged them to present to us a "package" of requests for funding of activities that represent joint goals for the associations and KPEP.

Finally, based on the analysis and recommendations contained in the recently completed Agricultural Strategy (AgSTRAT), we will begin to work with three to five farmers' associations on a pilot basis to expand and improve the range of services they are able to provide to members.







Picture 2: Study trip to Poland

Objective 1: Support KPEP target sectors through capacity building of technical service providers to address critical issues and constraints of particular relevance to the sector.

Anticipated Results

KPEP intends to enhance the skill set of business consultants who are able to meet the needs of the KPEP sectors and thereby contribute to the achievement of sector results as well as increase the revenue of local consulting firms. The long-term impact of these activities is to build a cohort of talented service providers in the local economy.

Activities	Status
1. Twin international KPEP	1. Ongoing
consultants with local consultants	

3rd Quarter Progress

BSS continued to make good progress during this quarter, with satisfactory results.

1. Twin international KPEP consultants with local consultants

This activity's aim is skill set enhancement of local business consultants and their alignment to KPEP sectors, by contributing to achievement of sector results and at the same time transferring the knowledge obtained from working with international advisors to the local economy.

The twinning process was applied to six local consultants, as listed below:

No	Project	STTA & Local Cons	ultant
1	Attracting Foreign Direct Investment (FDI)	John Mennel Hema Chugh Heidi Shiao	(STTA) (STTA) (STTA)
		Berat Abdiu	(LC)
2	Internet Exchange Point	John Adams	(STTA)
	internet Exchange Fourt	Astrit Zhushi	(LC)
		Marilyn Evans	(STTA)
3	3 Business Women Training	Ardita Rizvanolli	(LC)
		Sabrie Jagxhiu	(LC)
4	Best Tendering Procedures	Henry Phillips	(STTA)
4		Ergin Hajredini	(LC)
_	CRM Training & Mentoring	Michelle Messina	(STTA)
3		Genc Kuki	(LC)
6	New business model for Farmer's Association	Paul Christ	(STTA)
U		Visar Ramaj	(LC)
7	Illogal Logging	Patrice Harou	(STTA)
'	7 Illegal Logging	Ergin Hajredini	(LC)

KPEP has introduced a formalized feedback procedure for both international and local consultants, which confirms that this twinning process is highly beneficial for both sides, not only in terms of the knowledge transfer, but also business development for the local consultants. Our feedback on this initiative has been very positive across the board:

Quote from consultant **Berat Abdiu**: "There is an immediate professional benefit to this pairing: transfer of knowledge, experience, and know-how from the Booz Allen experts."

Quote from consultant **Ergin Hajredini**: "The opportunity to learn from and work with people with so many years of experience continues to be a great motivator."

Objective 2: Build the capacity of the consulting and commercial legal profession to strengthen general consulting and business skills leading to a more broad based and sustainable industry.

Anticipated Results

KPEP anticipates training 20-30 business consultants and 20-30 businesswomen, enhancing skills for business consultants and increasing employment and revenue among BSPs. The long-term impact of this objective will be to build a strong cohort of local consulting firms, which are critical to a vibrant economy. In addition, training tailored to female business associates will address the needs of an under-represented group in Kosovo's business sector.

associ	associates will address the needs of an under-represented group in Rosovo's business sector.			
	Activities		Status	
1.	Conduct training on capacity building for business consultants	1. F	Planned for Q4	
2.	Feasibility for establishing Consultants association (NEW)	2. F	Planned for Q4	
3.	Continue to develop lawyers	3. F	Planned for Q4	
4.	Conduct training for female business associates	4. (Ongoing	
5.	Organize a BSS implementers' round-table	5. (Completed	

3rd Quarter Progress

Progress on this objective is slower than anticipated. However, we expect to complete all activities by the end of Q4.

1. Conduct training on capacity building for business consultants

This activity is planned to take place in Q4.

2. Feasibility for establishing Consultants association (NEW)

BSS has identified an international expert, Mr. Bob Stapp, to provide the technical assistance necessary to develop a consulting association. A number of consultants that KPEP has worked with and spoken to in recent months have requested the establishment of such an association If established, one goal for the new association should be to become internationally recognized and part of the International Council of Management Consulting

Institutes (ICMCI).

3. Continue to develop lawyers

Based on consultation with BEE, we have postponed the start of this activity for Q4.

4. Training for female business associates

We initiated this activity in this quarter and it will continue through September: BSS identified and started a coaching and mentoring program for 16 women business owners with one international expert and two local consultants. We had two plenary sessions this quarter, with tailored presentations from commercial banks, micro-finance institutions, advertising agencies and successful businesswomen as guest speakers. The consultants also developed mentoring plans, marketing strategies and business plans for the women. They also encouraged participants to create their own support network to help and support each other to become more successful. The feedback on this training session has been extremely positive.

5. Organize a BSS implementers' round-table

BSS convened the first in a series of BSS implementers' roundtables in February. Since then, other implementers, including TAMBAS, have hosted follow-up sessions. These meetings have proven to be excellent networking and information sharing activities and have provided the impetus for cooperation. For example, KPEP and IFC have held separate meetings regarding information sharing and resources on consultant and company certification programs.

Objective 3: Enhance the internal organizational capacity of associations as well as their ability to offer products and services to their membership, including advocacy on behalf of the industry.

Anticipated Results

KPEP's objective is to enhance the ability of associations to provide value to members, raise revenue through products and services, and advocate effectively in priority sectors. KPEP will increase association membership and improve understanding by the Government of Kosovo and other stakeholders of the role and contribution of associations. The long-term impact will be the development of stronger associations that will facilitate the success of local companies and will boost the overall competitiveness of the sectors. KPEP will assess and quantify progress made by Kosovo business associations with the Association Development Index (ADI) tool.

	Activities	Status
	Association Strategic Management & Leadership Training (Tier 1)	1. Completed
	Capacity building for Tier 1 Associations	2. Ongoing
	Provide advocacy and legal support to umbrella associations	3. Planned for Q4
	Strengthen associations in targeted sectors to provide services to members on a fee basis	4. Ongoing
	Capacity building for agriculture association (NEW)	5. Ongoing
6.	Support participation in trade fairs	6. Ongoing

3rd Ouarter Progress

We are satisfied with progress made under this objective in this quarter.

1. Association Strategic Management & Leadership Training (Tier 1) Completed in Q1.

2. Capacity Building for Tier 1 Associations

BSS reserved its primary focus for business associations active in the KPEP sectors, mainly due to common goals and their interest and willingness to cooperate with KPEP. In this quarter, we have made a number of adjustments to our workplan and its objectives and activities by further focusing on alignment of these associations with the Association Development Index (ADI) as a tangible means to measure, document and identify further development needs. To further develop management and organizational capacities of sector specific associations (Tier 1), BSS has identified the need for these Tier 1 associations to apply for grant support through long-term workplan development instead of requesting adhoc activity support. In addition, this approval process helps us focus our support on activities that support sustainability of these associations as a whole. For example, the Wood Processing Association has requested, and KPEP approved, assistance for members' participation in four trade-shows this year, either as visitors or exhibitors.

Additionally, Associations Advisor Bob Stapp continues to be engaged with the associations to improve their performance in the following areas:

- Organizational capacity
- Financial management
- Strategic planning
- Data and analysis
- Networking
- Member services

In support of our goal to encourage partnerships with international associations in the same sector, KPEP, with the financial support of World Learning, sent association representatives

from seven associations on a study tour to Poland to learn about effective lobbying and advocacy.

Association participants included:

Vjollca Cavolli Executive Director of STIKK
 Ramdan Mema Board President of (KDPA)

3. Edona Kryeziu Acting Executive Director of AMIK

6. Arian Zeka Advocacy Project Officer at AMCHAM
 7. Isa Dina Board President at Perdrini Association

Participants attended meetings with the following entities: a lobbying company, the Polish Association of Meat Processors, and the Business Center Club (BCC), a company of entrepreneurs and the country's largest organization of individual employers. In order to secure 2500 BCC members (persons and companies), the Polish Chamber of Commerce, the Polish ICT Association, a farmers association, a Leadership School, and a local NGO focused on leadership training and advocacy.

In addition, solid relationships were formed between the Kosovo Chamber of Commerce and its Polish counterpart (they planned to sign an MOU), and STIKK and its Polish counterpart. The Polish ICT Association promised to lobby for the inclusion of STIKK into Digital Europe, the biggest IT Federation in Europe. Perdrini received valuable advice from the Polish Farmers Federation on best practices and standards for EU Compliance requirements. All participants received certificates upon the completion of this study tour. Association representatives developed advocacy action plans. The participants rated the study tour as outstanding. All confirmed that they gained invaluable knowledge from these meetings and lectures.

3. Provide advocacy and legal support to umbrella associations

This activity will provide umbrella and professional associations with information and advice regarding advocacy and intervention points vis-à-vis the government's legislative and regulatory agenda. BSS assisted BEE with the development and dissemination of this strategy. The first roundtable meeting is planned for July 20. All representatives from umbrella and professional associations, as well as government officials, will be invited.

4. Strengthen associations in targeted sectors to provide services to members on a fee basis

BSS formalized a procedure to support the variety and quality of services that associations provide to their members on a fee basis. BSS worked with KPEP sector staff to support the following activities:

- a) **AWPK Natyra Fair**: 95% of the planned exhibition space was sold by AWPK, and as a result of this activity it has strengthened its financial sustainability by 70% in comparison to and contrast with other member services.
- b) **STIKK –B2B Albania**: STIKK, in cooperation with the Albanian IT Association, will be organizing a B2B event in Tirana on July 1. This is a value added service to their members, which includes company presentations and matchmaking. Also, STIKK was elected by the Norwegian Foreign Ministry to serve as the Advisory Body to the Albanian IT Association.

5. Capacity building for agriculture associations (NEW)

The BSS and Agriculture sectors will assist three Agribusiness Associations - Perdrini Association, Mamushe Association and the Widow's Association of Krusha e Madhe - with the development of a new business model that will provide them with the capacity to provide member services for fees, member equity development and to conduct sales transactions. The consultant, Mr. Paul Christ, will conduct this assignment in July.

6. Support participation in trade fairs

BSS will continue to support associations' trade show plans through financial support, training, and the provision of expert advisors. Association members have told us they consider trade shows as an extremely valuable means to make contacts, sales, and find partners. For example, the Women Association NGO RUKA-RUCI sold € 20,000 in products at the Novi Sad Agriculture Fair and € 800,000 at AWPK's Natyra Fair. Organizing trade show participation, establishing contacts ahead of time, and providing expert advice is a credible, tangible value added service for which companies are prepared to pay.

Quarterly results on key performance indicators

Sector/ Sub-sector	Increase in Sales	Increase in Exports	Increase in FTE Jobs	Increase in Investment	Number of enterprises
Business Support Services	611,906	•	58.00	•	15
BSPs	611,906	1	58.00	i	15

III. COMPONENT 3: BUSINESS ENABLING ENVIRONMENT

Component Strategy: The BEE team targets key legal and regulatory barriers in KPEPrelevant value chains. In some environments these barriers are predominantly gaps in legislation. In Kosovo, however, these barriers are almost exclusively related to implementation of legislation – principally, the absence of implementing regulations, paucity of funding for what is often over ambitious government oversight of the economy, and the lack of capacity in the responsible ministries and agencies. The approach to supporting KPEP's BEE objectives will continue to focus implementation failures and difficulties wherever there is the highest likelihood for success as measured by growth in the sectors. This demand-driven approach supports KPEP targeted sectors through consultation with KPEP specialists, the private sector, government officials, and other donors.

BEE continues to employ three additional strategies in support of KPEP's objectives for growth:

 The first is the continued effort to target high-impact areas of general business enabling environment relevance. This includes areas that generally affect many or all of the KPEP sectors but which are not especially dependent upon emergent

issues. These types of interventions can, therefore, be more easily planned ahead. But since many of these issues are more substantial than KPEP's resources allow, focus on these will be highly selective.

- The second strategy focuses on the trade environment. Increased capacity for trade is
 critical to the success of KPEP's objectives, and much of the lack in capacity focuses on
 the business enabling environment. For example, even a basic understanding of the
 regional agreement that should facilitate huge increases in trade is sorely lacking. The
 BEE team builds general capacity as well as works in a more ad hoc fashion to facilitate
 individual cross border trades.
- The third strategy comprises the legal and regulatory needs inherent to attracting foreign direct investment. This is another demand-driven strategy and will be responsive to specific issues raised by potential investors and will be delivered in the form of

■ Success Stories ■

AgCLIR & BizCLIR Roundtable — KPEP presented the Business and Agribusiness Climate Legal and Institutional Reform Assessments to the GoK and the donor and civil society communities with the objective of sharing ten specific project concepts suggested by the assessments. A number of the concepts were well received by donors and the GoK and are now in the process of review for implementation.

Trade Integration Study Tour to Geneva — KPEP, with assistance and funding from World Learning, took nine GoK and two Chamber of Commerce representatives to Geneva for a week of intensive capacity building in trade policy best practices and practical approaches to participation in the Central European Free Trade Agreement and future accession to the World Trade Organization. As a result of the Study Tour, the GoK has developed the first interministerial trade council.

Forestry Tendering Reform Research, Concept Paper, and Model Contract — KPEP conducted an onthe-ground survey of forestry tendering practices in three countries — Romania, Slovenia, and Montenegro — and compiled the findings into a study and collection of the range of best practices in the region. Best practices ranged from short term leasing with heavy government oversight in Romania to 20-year leases with heavy private sector responsibility for forest maintenance in Montenegro.

We then presented these findings to MAFRD for review. Using all the information gathered thus far, KPEP has drafted a concept paper outlining our recommendations for reform of the tendering process. MAFRD has, as a result, indicated enthusiasm for reform, and has requested assistance in drafting a new procedure into the Law on Forests. KPEP also provided a model contract that illustrates the public-private allocation rights and responsibilities.

exploration, analysis of, and where appropriate, intervention in, the laws and regulations protecting investment.







Picture 2: BizCLIR/ AgCLIR Roundtable

Objective 1: Support KPEP target sectors through demand-driven achievements in the Business Enabling Environment

Anticipated Results

Results focus on improved legal framework in highly relevant areas through revision or termination of at least six draft laws or policies, as well as better implementation of existing laws and regulations, leading to increased legal stability for investment. Through policy advice and trainings we also anticipate increased capacity of the GoK to respond to the needs of the private sector. While the final results listed below may appear to include only the passage or reform of legislation or policy, intermediate results also include a better understanding of policy and implementation needs, stakeholder review, policy assessment, and public-private dialogue.

Activities	Status			
ICT – ccTLD Kosovo Country Code and Domain Registry	1. Ongoing			
ICT – Collaboration with CLDP on ICT Industry/Legal Community Contracting Skills Workshop and Contracts Manual	2. Ongoing			
3. ICT – IP contracting manual	3. Near completion			
4. Construction – Review and Commentary on Draft Construction Law	4. Ongoing			
5. Forestry – Tendering strategy and PPP model contract	5. Ongoing			
6. Agriculture – AgCLIR/BizCLIR Roundtable	6. Completed			
3rd Quarter Progress				

Progress for this objective is on track and meeting results.

Activities in this area have, as intended, continued to comprise the majority of BEE activity. Results have consistently met objectives and will continue to be selected based upon their potential impact on KPEP's chosen sectors..

1. ICT – ccTLD Kosovo Country Code and Domain Registry

BEE supported the ICT sector with preliminary work necessary to establish the ccTLD (Country Code Top Level Domain) registry. This included drafting an Administrative Instruction for the Ministry of Transport and Communications to establish the needed regulatory framework, substantial capacity building collaboration with the Telecom Regulatory Agency and the development of a roadmap for the implementation of the registry. Further work and final implementation now awaits the entry of Kosovo in the UN Statistical Database. We remain uncertain about whe this will happen, but are prepared to act quickly if it does.

2. ICT - Collaboration with CLDP on ICT Industry/Legal Community Contracting Skills Workshop and Contracts Manual

The BEE Team collaborated with the Commercial Law Development Program (CLDP-- US Commerce Department) to develop a follow-on program to CLDP's ICT Contracting Program. The second program will include a seminar in contracting for ICT professionals and Commercial Lawyers, and will lead to the development of an ICT Contracting Manual that includes model contracts, guidelines and sample terms and conditions.

3. ICT - IP Contracting Manual

The IP contracting manual, which includes IP legislation, institutional IP infrastructure, international and European treaties and model contracts has been reviewed and finalized. The draft document will be printed and presented to IT associations and the private sector stakeholders in late July or early August.

4. Construction -- Review and Commentary on Draft Construction Law

BEE has been asked to lead the assistance to GoK in redrafting the Construction Law. Support also included drafting a Letter of Agreement between KPEP and the Ministry of Environment and Spatial Planning to establish a Working Group for the licensing of Architects and Engineers according to EU best practices. This will continue into the next quarter when the team will begin stakeholder consultations and begin redrafting the law.

5. Forestry -- Tendering strategy and PPP model contract

BEE has continued progress on remodeling the forestry tendering procedures and finalizing the PPP model contract and the forestry tendering reform options. Through several small stakeholder meetings and discussions, including with the private sector and the municipal government, we have gathered suggestions and concerns regarding different forestry tendering options. These range from short-term management plans currently applicable in Kosovo to longer contracts that have proven to be best practice throughout the world and countries in the region with similar characteristics to Kosovo. Meetings have been scheduled with the Ministry of Agriculture and the Ministry of Economy and Finance and after receiving recommendations, the strategy on forestry tendering, a PPP concept paper, a PPP model contract, and recommended next steps will be presented to USAID.

7. Agriculture – AgCLIR/BizCLIR Roundtable

AgCLIR and BizCLIR assessments and findings were introduced on June 24 in a roundtable discussion between government officials, professional associations and active donors in Kosovo. In addition, KPEP proposed 10 short and medium term reforms that are relatively

simple to implement and will have a significant impact on agribusiness. There has been significant interest in follow-up and in taking concrete steps towards implementation and the team is working toward this.

Objective 2: Facilitate improvement in competitiveness indicators through targeted achievements in the Business Enabling Environment

Anticipated Results

KPEP expects improvement in the Business Enabling Environment generally, as evidenced by improvements in the CLIR Indicators, and for KPEP's sectors particularly, as evidenced by steps accomplished in the Policy Index as well as anecdotal information. In the long run, BEE will contribute to growth in revenues and jobs and exports will be reducing policy barriers to economic growth. Furthermore, the BEE component will increase legal stability for investment and lower barriers to entry for new businesses.

Activities	Status
1. Commercial Legal Training for Lawyers and Business people	1. Planned
2. Advocacy Roadmap	2. Ongoing
3. Legislative Agenda	3. Ongoing
4. VAT Reimbursement	4. Ongoing

3rd Quarter Progress

KPEP is on track to achieve the anticipated results for this objective in the coming year.

KPEP measures its success in the general business enabling environment according to improvements in the Commercial Legal and Institutional Reform Index, the KPEP Policy Index and anecdotal results in the business community. Though this quarter saw less activity in this area, partly due to the higher than usual concentration on agriculture (AgCLIR), work plans for the coming quarter are ambitious.

1. Commercial Legal Training for Lawyers and Business People

Following the success of the first Commercial Lawyers Training Program in early 2009 in collaboration with ABA-CEELI, KPEP has developed a program and curriculum for an expanded follow-on program that will open the training to a wider audience of newly practicing lawyers. Significant benefit is expected to accrue to the private sector as a result of capacity enhancements in the legal community.

2. Advocacy Roadmap

The now finalized advocacy strategy outlines the concrete steps and procedures through which a draft law must pass, beginning with the first working group inside of a specific ministry, then following with other areas of the government and assembly, and ending with all the intervention points where under certain conditions an individual can intervene and make suggestions or comments.

A validation committee consisting of professionals in several different areas such as Customs, the Law Faculty, the Assembly, Ministry of Justice and others have reviewed the Advocacy Strategy and have provided input in finalizing the draft document, which BEE

along with collaborating partners, SEAD and ABA/ROLI are planning to present by the end of July. The initial targeted audience will be invited to participate in a roundtable presentation and discussion on July 20. The group will include professional associations such as KCC, KCA, AMCHAM, and KBA. The draft document itself and the awareness activity are to be included in the Kosovo Chamber of Advocates as one of the Mandatory Continuing Legal Education courses for judges and lawyers across Kosovo.

3. Legislative Agenda

A list of all KPEP relevant laws that should be drafted and adopted by the end of this year has been compiled from the Government's Legislative Agenda for 2010. We have also marked comments regarding the content of the laws, their current status and stage in the GoK, as well as the importance of continuing drafts and replacing old law.

4. VAT Reimbursement

After reviewing Kosovo's practices on reimbursement of VAT paid on imported inputs, reviewing regional best practices, and consulting with other experts on Kosovo's law and procedure, commentary recommending specific administrative instructions to supplement the new Tax Law has been submitted to the GoK. The presentation created for reviewing the procedure will be revised based on changes to the procedure. It will be used as a training guide for the private sector.

Objective 3: Assist key public and private entities to understand rights and obligations under existing bilateral and regional trade agreements, comply with the terms of such agreements, and be able to assert and defend rights and privileges created by the agreements

Anticipated Results

Anticipated results include higher commercial legal and negotiation capacity among all GoK ministries and agencies with some impact on Kosovo's trade integration, with a higher and improved ability to not merely understand CEFTA and other obligations but also be able to assert the country's rights and remedies under CEFTA. Success can be measured by progress on the Policy Index as well as increased exports of value added products and imports of raw materials for value added processing in Kosovo.

Activities	Status
1. CEFTA/Trade Best Practices Training	1. Ongoing
2. Development of a Customs Enquiry point required for further regional/global trade integration	2. Ongoing
3. Trade rapid response team	3. Ongoing

3rd Quarter Progress

We have changed our categorization of this objective to green due to substantial acceptance by the GoK and civil society of KPEP's approach to trade policy development and pragmatic participation in the region and beyond.

Kosovo's capacity for growth in exports and ability to import needed raw materials and intermediate goods remains critically low, and political obstacles to pragmatic trade

participation remain very high, but there is a new and accelerating enthusiasm at the advisory level, as well as among some ministers, for meaningful, non-political engagement with the international community on trade policy.

1. CEFTA/Trade Best Practices Training

With assistance and funding from World Learning, KPEP took nine GoK and two Chamber of Commerce representatives to Geneva for a week of intensive capacity building in trade policy best practices and practical approaches to participation in the Central European Free Trade Agreement and future accession to the World Trade Organization. The group met with the economic diplomatic community in Geneva and representatives from several trade related organizations (WTO, ITC, UNCTAD, UNIDO, WTI, EFTA) and also participated in trade capacity building seminars.

As a result of the Study Tour, the GoK has developed its first inter-ministerial Trade Council.

2. Development of a Customs Enquiry point required for further regional/global trade integration

Plans are underway to develop and establish a Customs Enquiry point to serve as a model for a GoK enquiry point that is needed for further regional/global trade integration. A number of meetings have been organized with the Legal Advisor to Customs, Lulzim Rafuna, to establish a more detailed and achievable roadmap. In addition, BEE engaged with the AgClir Assessment and there have been vital findings in the AgCLIR draft report that will guide KPEP's approach to trade.

3. Trade rapid response team

Drawing from the team that participated in the Geneva Study Tour, BEE has fostered the establishment of a Trade Rapid Response Team (TRRT) that will react to emergent trade issues and draft policy positions that are efficient, comport with best practices, and carefully consider the impact of policy on the entire economy of Kosovo. In the next quarter, KPEP is planning both a retreat for the TRRT to establish its formal role and a trade integration options forum that will introduce risks and benefits of various integration options to the GoK and donor community.

Objective 4: Support increased foreign direct investment

Anticipated Results

Increased awareness of investment opportunities in Kosovo, enhanced comfort among potential investors in the investment climate of Kosovo, and increased investments in KPEP sectors.

Activities	Status
Promotion of Kosovo as an attractive place to invest: in Turkey, Albania, Austria, US, UK.	1. Ongoing
2. Development of Investment Briefers	2. Complete/New series in Q4
3. UK investment delegation	3. Ongoing

3rd Quarter Progress

Progress under this objective has improved substantially with growing interest from investors from the UK Prince Michael delegation (in which KPEP actively participated), as well as interest generated by the AgCLIR and AgSTRAT documents.

1. Promotion of Kosovo as an attractive place to invest

KPEP has provided assistance to a number of investors that have either already begun setting up operations in Kosovo or have firm plans to do so in the near future. This group of investors includes a UK company that has signed, with KPEP's assistance, an MOU with the Ministry of Energy for solar and biomass energy production, a software company with solid plans to bring its production facility to Kosovo, and a UK firm prepared to actively engage in some of the recommended AgSTRAT projects.

KPEP has provided an advisor to Cacttus, an IT software developer and trainer, which has been approached by several investors. The advisor has assisted Cacttus with an evaluation of the company and has provided strategic advice for the planned outcome of the negotiations and during the negotiations. KPEP expects that the investment will be finalized during the calendar year.

KPEP has assisted a Swiss investor to identify property for the establishment of a vegetable collection and processing center. KPEP helped the investor to find adequate space and to conclude a lease contract. The company is in the process of setting up the collection center, and plans to start processing towards the end of the year. The initial investment is estimated at €200,000.

2. Development of Investment Briefers

Investment briefers were developed as part of the assignment undertaken by STTA Andrew Vonnegut last fall and have been disseminated as appropriate. As a result of this outreach, a number of Turkish companies contacted KPEP in this quarter to inquire about investing in mining ventures. However, the magnesite grade was considered insufficient by the Turkish companies.

New investment briefers will be developed from a Greenfield investment study that is currently underway. This Greenfield investment research will identify a select number of investment opportunities for Kosovo that will be marketed to selected groups of investors. High potential investor groups will also be identified through this study. We have found that diaspora and informal channels are a major channel for information and investment for Kosovo.

3. UK investment delegation

Working closely with the British Chamber of Commerce in Kosovo, KPEP has provided extensive support to innovative programs designed to help investors feel more secure bringing business to Kosovo. This includes collaboration on the Genesis Initiative, a group of philanthropic UK investors led by Prince Michael of Kent and its work in promoting Kosovo, as well as the recent Tony Blair visit, which generated significant interest from the investment community.

IV. COMPONENT 4: WORKFORCE DEVELOPMENT

Component Strategy: Building on our experience in the first year of the project, KPEP is continuing to implement the same basic strategy in workforce development. Programs are focused on both current and future workers. Our overall approach is to design, pilot, assess and refine, and then go to scale with specific workforce development activities.

Our first objective is to identify and address critical workforce development issues in specific KPEP sectors. This includes identifying skills gaps, providing targeted training, and improving job placement through job fairs and internships. Where possible, KPEP also seeks to institutionalize training programs with local workforce development organizations by introducing demand driven curricula, training, and practical skill-building programs. The ultimate goal is to make such training available at scale through institutional adoption, and to contribute to the growth

■ Success Stories ■

Carpentry Days in Six Municipalities

To address the identified insufficient workforce in the wood processing sector and lack of interest on the part of young people to learn skills in carpentry, KPEP organized the Carpentry Day outreach program in six Kosovo municipalities that have carpentry schools. The purpose of the outreach program was to let young people who have completed the 9th grade and youth 18 and above know about the skills training available at carpentry vocational schools and training centers, which are highly demanded by the market.

Accounting and Finance Training and Internship Program

One hundred senior students from the Faculty of Economy attended an intensive accounting and finance training program. After passing the examination, 56 were placed as interns in Procredit and Raiffeisen Bank.

Hazard Analysis and Critical Control Point (HACCP) Training

In June, 151 future workers and teachers from the three agriculture schools in Lipjan, Prishtina, and Gjilan attended a four-day HACCP training course organized by KPEP, in cooperation with the Ministry of Education Science and Technology's VET division. Students and teachers were equally enthusiastic about the training.

and improvement of local institutions. In that phase, KPEP will shift to a capacity-building activity, and away from direct service delivery. KPEP also seeks to assist selected workforce development institutions to better meet the needs of individuals and industry. An initial feasibility study of municipal-based Youth Employment Service (YES) centers was undertaken at the beginning of Year 2; the report was highly positive and recommended establishment of pilot centers in two municipalities from a list of six candidates.

Finally, KPEP seeks to expand the economic opportunities available in the economy, particularly for youth. In a slow-growing economy with many more new entrants each year and only a few jobs available in the formal sector, new approaches are required. KPEP provides support to individuals to learn how to plan and develop their own enterprises. The Pilot Entrepreneurship/Micro-Enterprise Training Program is KPEP's first substantial effort in this field.



Picture 1: Carpentry Day in Ferizaj



Picture 2: HACCP training in three agriculture schools in Lipjan, Prishtina and Gilan

Objective 1: Identify and address critical workforce development issues in KPEP target sectors

Anticipated Results

The Workforce Development Team anticipates two levels of results *Future Worker Initiatives:*

- Increase in internships from 30 in Year 1 to a total of 70 in Year 2
- Higher rates of employment among graduates who participate in internships, as compared to their non-intern peers
- Increase in participants in job fairs from 55 in Year 1 to 300 in Year 2
- Internship placement from job fairs to 30 in Year 2
- Full-time direct employment placement from job fairs to 50 in Year 2
- Increased rate of employment of VEC and VTC graduates from their participation in Job Fairs as compared to their non-participating peers

Current (incumbent) Workers:

- Increased subject matter knowledge as measured by pre- and post-training questionnaire
- Increased competitiveness of potential workers in the construction sector through an international-standard level training program in welding
- One welding instructor and one welding engineer will be trained
- KEK training center will be licensed as internationally recognized center
- 50-70 incumbent workers in construction will receive internationally recognized certificates on welding.

Activities	Status
1. Dairy Internship Program Phase 2	1. Ongoing
2. Regional Job Fairsa. ICT Job fairb. Tourism Job fairc. AmCham Career fair (construction)	2.a. Completedb. Ongoingc. Completed
3. Internship Programsa. Wood Industry Internshipb. Construction Internship	3.a. Ongoingb. No progress
4. Good Agriculture Practice (GAP) Good Wild Crafting Practice Training	4. Completed
5. Building Materials International Standards Traininga. Marketing and Sales for construction	5. Planned for Q4
6. Heavy Equipment Operators Training	6. Completed
7. Skills Trainings offered by the ICT Association	7. Cancelled

3rd Quarter Progress

The activities implemented during the 3rd quarter indicate that we are on track to achieving our anticipated results for Year 2.

1. Dairy Internship Program Phase 2

A total of 15 interns (five mentors from Phase 1 and 10 senior students) were trained on milking procedures, udder disinfection after milking, identifying mastitis with a CMT test, and milk hygiene regulation of the MAFRD. Since the project aims to improve raw milk quality, IADK organized training on milk improvement quality on April 29 and May 6. An international expert led the session at a dairy farm. The intern performance evaluation conducted by mentors/supervisors indicated a high level of satisfaction (also see Agriculture section, Dairy).

2. Regional Job Fairs

a. ICT Job Fair

Completed in Q2.

b. Tourism Job Fair – MDA is subcontracted by KPEP to organize a tourism job fair. Their first task was to identify who is interested in participating and which jobs these companies need to fill. MDA contacted close to 50 companies, about half of which expressed their interest. However, most firms suggested September instead of the proposed July time frame as a better time for the fair.

c. Amcham (Construction) Career Fair 2010 – On May 13, eleven major companies including Bechtel&Enka, ProCredit, BU&Partners, CocaCola Hellenic Kosovo, KPMG and 3CIS, participated in the Career Fair organized by AmCham and sponsored by KPEP. Approximately 150 vacant positions (mostly in the construction sector) and six internships were offered. Close to 800 young people attended, and over 500 resumes were submitted to firms, who conducted initial interviews. Amcham reported that to date, two candidates were employed by BU&Partners and MDA, and four internships were filled by AmCham and BU&Partners. Other companies reported that they are in the process of interviewing candidates.

3. Internship Programs

- **a.** Wood Industry Internship Program Following an orientation training conducted by AWPK, 16 interns were placed in seven wood processing companies that are cost sharing intern expenses. KPEP carried out independent monitoring of the 16 interns and their supervisors/mentors. The supervisors of the respective companies reported that the level of knowledge at the beginning of the program was unsatisfactory. After three months however, supervisors reported improvement in the interns' performance. The interns were very satisfied with the program and confirmed that host companies had offered employment. Some interns told us that for them the three-month internship was more beneficial than three years of classroom study at the secondary level and that they are very satisfied with the program.
- **b.** Construction Internship Program Since February 26, the Road Construction Association in Kosovo (RCAK) has not submitted any deliverables or monthly progress reports as per the contract requirement.
- **4.** Good Agriculture Practice (GAP) Good Wild Crafting Practice Training Completed in Q2.

5. Building Materials International Standards Training

KPEP identified the fact that building materials manufacturers need assistance in marketing and sales. KPEP's WfD Specialist assisted the Construction Specialist with the SOW for the training and with the questionnaire prepared by subcontractor Riinvest for the training. The training is planned for Q4.

6. Heavy Equipment Operators Training

On April 23, 42 heavy equipment operators received certificates of completion for the eight-week training. Feedback from the trainees was highly positive and KPEP is considering follow-on training. For more information please refer to the Road Construction section.

7. Skills Trainings offered by the ICT Association

This activity was cancelled due to overlap with other ICT activities. Please see the ICT sector report for further information.

Objective 2: Institutionalize training programs within local workforce development organizations to ensure sustainability

Anticipated Results

KPEP anticipates the following results:

• Skills demand analysis produced for three sectors, shared with MEST and relevant

industry associations and member firms

- Three curriculum proposals prepared and offered to MEST National Committee on Curriculum Development
- At least one curriculum adopted by the Committee and implemented in VECs doing instruction in that profile
- Coaching and technical assistance is developed and refined, and achieves acceptance by VTCs adopting curriculum

Activities	Status
1. Furniture Design Curriculum for	1. Ongoing
Technicians	
a. Promotion of VET/VTC in six	a. Completed
municipalities	
b. Furniture designer training	b. Ongoing
a the state of the	
2. Adoption of HACCP course into	2. Ongoing, to be completed in Year 3
curriculum at appropriate institutions	
a. Develop approach to ICT curriculum	
from needs identified in skills gap	
analysis	
b. KEK Training Center Accreditation in	
welding program (New Activity	
included in the work plan)	

3rd Quarter Progress

The activities implemented under Objective 2 during Q3 indicate that KPEP is on the right track to achieving most of the anticipated results. However, in light of developments related to the National Qualification Authority, reestablishment of the Council of VET, the National Qualification Framework, and the Curriculum Framework that have to be approved by MEST, we are postponing anticipated results such as curriculum adoption and coaching and technical assistance to Year 3.

1. Furniture Design Curriculum for Technicians

The findings of the Skills Gap analysis were introduced to all relevant stakeholders on April 15. The findings of the report indicate a lack of skilled workforce in CNC machines, furniture designing operations, and production management. Also, VET/VTC in wood industry and in general are not sufficiently promoted by the government. As a result, there is a lack of interest by youth to enroll in this profile.

- **a.** Promotion of the VET/VTC in carpentry Carpentry Day in six municipalities From May 24 to May 31, KPEP organized the Carpentry Day promotional event in the six municipalities where there are wood processing VETs/VTCs and the wood processing section of the Faculty of Applied Science. More than 550 pupils and teachers from elementary and secondary schools were informed about the high demand for a skilled workforce in this fast growing industry which is becoming competitive in regional markets.
- **b. Furniture Designer Training** On April 28, WfD, the Wood Processing Specialist and AWPK agreed to postpone any activity with regard to furniture design until the arrival of two international STTAs in furniture design.

2. Adoption of HACCP course into curriculum at appropriate institutions

From June 7-19, 154 secondary school students and teachers from agriculture schools in Lipjan, Prishtina and Gjilan, participated in a four-day training course on HACCP standards and certification organized by KPEP. Participants were introduced to the HACCP system, procedures and control measures that one food processing company should undertake to implement standards; worked in groups to prepare a working plan for one company; filled a knowledge assessment paper; and visited a HACCP certified company. 151 participants were certified, out of which 51% were female and 85% under 25. In Q4, the STTA will present the findings of his research regarding the interest of companies, schools and students to include HACCP standards as a chapter in the curriculum for agriculture schools. The impetus for this is the promulgation of the new law on food safety, which obliges companies to comply with HACCP standards.

- **a.** Develop approach to ICT curriculum from needs identified in skills gap analysis Developed and announced the RFP for ICT skills gap analysis. The results of the findings of the report are expected in Q1 of Y3.
- **b.** International accreditation of the KEK training center for welding- On June 1, KPEP received two proposals from two international training centers. KPEP will give the award in Q3. We expect that the first deliverable, the fact finding mission, will take place in Q4.

Objective 3: Assist selected workforce development institutions to better meet the needs of individuals and of industry; ensure that training is more practical and experiential

Anticipated Results

Internships

- Internships with the Ministry of Economy and Finance, the Ministry of Trade and Industry, the Chamber of Commerce, and Kosovo Customs are successful, and replicated with at least one other ministry
- A minimum of 20 interns are successfully recruited and placed
- At least 10 interns are hired full-time following graduation
- Improved dialogue and coordination between workforce development organizations and industry
- The Youth Employment Service Program feasibility study is undertaken.

Activities	Status
1. Support Continued and Expanded Cross-	1. Ongoing
Sector Internships	
a. Business Economics – implemented by	
WUS Austria	
b. Accounting and Finance training and	
internship implemented by AFAS	
2. Improve coordination and cooperation	2. Ongoing
between workforce development	
organizations and industry	
2 Conduct Essaibility Study for the	2 Completed
3. Conduct Feasibility Study for the	3. Completed
Development of Municipality-based Youth	
Employment (YES) Centers	

3rd Quarter Progress

The activities implemented during the 3rd quarter indicate that KPEP will exceed the anticipated results for Year 2. By the end of two pilot internship programs, 24 interns obtained employment. To date, 100 internships in the cross sector internship programs have been provided; in Q4, 84 new internship placements from WUS Austria and AFAS are expected.

1. Support Continued and Expanded Cross-Sector Internships

- **a.** Business and Economics Internship Program On May 24, WUS Austria announced a cross cutting internship program, sponsored by KPEP. 350 applicants applied for 40 internships. A committee comprised of three professors prepared a short list of 115 candidates from three faculties (Economy, Law and Civil Engineering). On June 25, prior to arranging interviews with host institutions, WUS Austria organized a short course on interviewing and presentation skills for the shortlisted candidates. WUS Austria is in the process of arranging interviews with three ministries, six municipalities, two USAID implementers and two private companies. To date, 34 internships have been confirmed.
- **b.** Accounting and Finance Training and Internship Program Building on the successes of the pilot program with 25 students, KPEP initiated the second phase of the accounting and finance training and internship program that will provide 100 internships. To date, 45 senior students from the Faculty of Economy and Finance were trained. The remaining 55 senior students will be trained in Q4. A total of 56 students were placed at Procredit Bank (45) and Raiffeisen Bank (11).
- **2.** Improve coordination and cooperation between workforce development organizations and industry On April 16, nine implementers and donor organizations participated in the entrepreneurship focus group meeting hosted by KPEP. The purpose of the focus group was to identify common standards for entrepreneurship training programs, financial support for startups, and follow up actions for successful young entrepreneurs. The group identified the need for a common portal on WfD activities in Kosovo; assistance to the Council of VET to update the current curriculum for entrepreneurship; financial support schemes for young entrepreneurs, such as grants matching with loans; and upon successful implementation of a grant (given to start a business), provision of loan-voucher schemes.

On May 5, MEST's VET division organized a meeting with all donor/implementers to better

coordinate the activities related to the VET division. Three subgroups were proposed: Centers of Competency, Monitoring and Evaluation, and Curriculum Development. KPEP confirmed its participation in two subgroups: Centers of Competency (chaired by GTZ) and Curriculum Development (chaired by Swiss Contact).

To date, the Curriculum Development sub-group organized three meetings to identify common standards and procedures for curriculum development. The group prepared a four-step matrix for curriculum development where different implementers will indicate steps and procedures to: analyzing a job, developing a curriculum, implementing a curriculum, and monitoring and evaluation.

3. Conduct Feasibility Study for the Development of Municipality-based Youth Employment (YES) Centers

Completed in Q1.

Objective 4: Increase economic opportunities, particularly for youth, by building entrepreneurial skills

Anticipated Results

Youth Entrepreneurship

- Program successfully launched in first quarter
- Curriculum modules reviewed and approved
- 50 youth successfully recruited and engaged
- 40 youth with completed business plans
- 30 or more business plans are successfully matched with micro-finance resources
- 25 small businesses still operating at end of the first year
- 50 new jobs are created
- 10 firms expand and are offered financing for expansion

SMME Enterprise Expansion Support

- 25 small firms are targeted for expansion and agree to participate in Phase 2 entrepreneurial training
- 15 firms finish training
- 10 firms receive expansion capital
- 50 new jobs created within 1 year

Activities	Status
1. Phase 1 Entrepreneurship Youth	1. Completed
Enterprise Start-Ups	
2. Greenhouse as a business training	2. Completed
3. Start-up Weekend in Prishtina	3. Completed
4. Business Case Challenge – in ICT product development	4. Completed
5. Entrepreneurship SMME expansion support	5. Postponed

3rd Quarter Progress

Progress in achieving the anticipated results in this objective has been excellent.

1. Phase 1 - Entrepreneurship Training Program - Start-Ups

Before beginning the second phase of the entrepreneurship training, KPEP interviewed 45 participants from the Entrepreneurship Training Program. The results indicated that all respondents were satisfied with the training, considering it to be valuable know-how to starting a business, improving their existing business and/or advancing their careers. All respondents indicated that KPEP should continue training programs of this nature.

Of 45 candidates, 42 prepared business plans as a result of the entrepreneurship training, and of these, 18 applied for loans. Six received a loan from NLB (5) and ProCredit (1). The two candidates with the best business plans received a KPEP grant valued at 20% of the received loan. Of the six candidates, three are in the agriculture sector, one is from the health sector, and two are from the service sector (Kindergarten and Silversmith). KPEP is considering continuing the Entrepreneurship Training Program in Q4 and Q1 of Year 3. The second phase of the entrepreneurship training program will consider the recommendations made from the entrepreneurship focus group and participants.

2. Greenhouse as business training

On May 31, BSCK submitted certificates to six out of ten training participants. The training was considered beneficial by all participants because it provided practical skills on how to plan and manage a greenhouse; produce, cultivate and protect plants; and manage a greenhouse during and post harvesting.

3. Start-up Weekend in Prishtina

Completed in Q2.

4. Business Case Challenge (BCC) 2010 in ICT Product Development

Of 26 students, 15 were selected to participate in the BCC competition to develop a business idea/plan in ICT product development. Students received training on presentation skills and career coaching. They received four additional trainings related to the competing discipline and subsequently developed and presented their business ideas/plans in ICT product development. The business plans and student presentations were evaluated by a committee comprised of an IT expert, a Business Plan Expert, a KPEP WfD Specialist and an MDA representative. The business ideas included: an e-library; Automatic Control Systems/PLC; KosovoTrade.com (information system for imp/exp); internet marketing and e-commerce. Winners comprised three students from Group C, who developed a plan to establish a company that will provide Automatic Control Systems/PLC.

WUS Austria reported that six students would participate in the Balkan Case Challenge in Vienna in July; two internships were provided and one employment position was obtained. The final results from the Balkan Case Challenge in Vienna will be included in the Q4 report.

5. Entrepreneurship-- SMME expansion support

This activity has been postponed to Q4 and Year 3, Q1.

V. MANAGEMENT AND OPERATIONS

A. Performance Based-Management System

1. Summary

During the third quarter of the fiscal year 2010, KPEP supported firms achieved significant growth in sales, investment, and full time jobs. The Year 2 target increase in sales was set at €20.1 million. Cumulative Life of the Project (LOP) increase in sales is €36.5 million, which means that we have already exceeded the target for year two. The main contributors for the increase in sales are construction sector with 56.9 percent, agriculture with 19.4 percent and wood processing with 18.3 percent, while tourism sector contributed with 2.0, ICT sector with 1.7 percent, and BSPs sector with 1.7 percent. Comparing to the previous quarter,

Progress to Date Highlights				
	Y2 Target	Q3- FY10	Performance Evaluation	
Increase in sales ² , million Euros	20.1	36.5		
Increase in investment, million Euros	8.0	14.2		
Increase in exports, million Euros	-	17.9		
Increase in number of full time jobs ³	2,018	1,187	1	
Number of enterprises assisted in KPEP database	85	60		
Number of business services providers (BSPs)	30	15	•	
Number of people trained	1,400	3,966		

agriculture increased its share of the total increase in sales from 10.3 percent to 19.4 percent.

Cumulative LOP investment growth is €14.2 million, already exceeding the Year 2 target of €8 million. The main contributors for the increase in investment are construction sector with 79.5 percent, wood processing sector with 10.0 percent and agriculture with 9.7 percent. ICT and transactional sectors (tourism. recycling and metal processing) contributed with 0.8 percent.

Comparing to the last quarter,

agriculture increased its share of the total increase of the KPEP clients in investment from 8.1 percent to 9.7 percent.



KPEP-assisted companies have added 1,187 full time equivalent (FTE) jobs since the beginning of the project. While we are still below our Year 2 target increase of 2,018 FTE jobs, this is a very good result given country, regional, and world-wide trends. KPEP sectors and components account for this as follows: the construction sector with 50.7 percent, agriculture sector with 32.5 percent, wood processing with 6.1 percent, BSPs with 4.9 percent, ICT with 3.2 percent and tourism sector with 2.6 percent. Comparing to the previous quarter, agriculture increased its share of the total increase in FTE jobs from 23.6 percent to 32.5 percent. Construction sector had its share decreased by 10.7 percent comparing to the previous quarter.

² This figure combines sales increase in targeted sectors and BSPs.

³ This figure combines FTE jobs increase in targeted sectors and BSPs.

Cumulative LOP data for exports show an increase over the baseline of €17.9 million. The exports/imports coverage ratio for KPEP supported sectors is at 63.0 percent. The Kosovo-wide data show a 12.8 percent exports/imports coverage ratio for the period from October 2009 to May 2010, the last month that data was available. However, the exports/imports coverage ratio on Kosovo level is showing a steady increase. While for the last three months of 2009, the exports/imports coverage ratio was 9.9%, and in the first quarter of the CY 2010 was 13.7 %, in the second quarter of the CY 2010 this ratio was 16.2%.

The main contributors for the increase in exports at KPEP enterprises are construction sector with 59.6 percent and agriculture with 37.8 percent.

Below is the performance of KPEP sectors and sub-sectors for the LOP on the key indicators: sales, exports, jobs and investment.

Sector	Sub-sector	Increase in Sales	Increase in Exports	Increase in FTE Jobs	Increase in Investment
Agricultu	re	7,087,641	6,765,770	386.15	1,378,484
	Dairy	4,923,838	665,000	105.14	727,779
	Fruits and vegetables	3,155,623	2,514,496	47.38	354,305
	Non-wood forest prods.	(1,049,496)	3,586,274	180.05	296,400
	Poultry meat process.	57,676	-	53.58	-
Construc	tion	20,767,831	10,674,731	601.09	11,296,444
	Construction Materials	2,515,571	24,671	165.51	3,170000
	Road Construction	18,252,260	10,650,060	435.58	8,126,444
ICT		621,893	35,000	38.39	93,001
	ICT	621,893	35,000	38.39	93,001
Metal Pro	cessing	-	-	-	15,000
	Metal Processing	-	-	-	15,000
Recycling		16,034	8,151	0.38	1,200
	Recycling	16,034	8,151	0.38	1,200
Tourism		735,757	137,176	30.76	13,650
	Tourism	735,757	137,176	30.76	13,650
Forestry	and Wood Processing	6,670,808	277,420	72.06	1,419,308
	Wood Processing	6,670,808	277,420	72.06	1,419,308
	Forestry	-	-	-	-
Business	service providers	611,906	-	58.00	-
	BSPs	611,906	-	58.00	-
Grand To	tal	36,511,870	17,898,248	1,186.83	14,217,087

The distribution of the total number of enterprises by sector is as follows: agriculture sector with 21 enterprises, construction sector with 15 enterprises, tourism sector with 10 enterprises, wood processing with 7 enterprises, ICT with 5 enterprises and recycling sector with 2 enterprises. There are 15 business service providers in the client database of the component two.

To date, a total of 3,966 people were trained since the start of the project, of which 3,342 were males and 624 females. Below is given the number of people trained disaggregated by the type of the training for the LOP:

• 2,071 people participated in KPEP supported presentations

- 881 attended trainings,
- 36 participated in the twinning partner training program
- 133 participated in roundtables,
- 584 participated in different workshops,
- 224 participated in conferences organized or supported by KPEP, and
- 7 individuals participated in study trips.
- 30 participated in B2B events organized or supported by KPEP.

During this quarter alone 1,091 people were trained, of which 951 were male and 140 female.

Contextual Indicators:

Central and Developed **KPEP** World Indicator Kosovo South East **Economies** Europe & CIS Sales/GDP Growth⁴ 36.5% 3.8% 1.8% 1.3% 3.1% 135%⁶ Trade/Export Growth⁵ 1.580% N/A 2.0% 2.5% Foreign Direct Investment⁷ -43% -44% -37% -30% Unemployment Rate⁸ N/A 39-41% 9.4-10.8% 8.3-8.5% 6.3-6.9% Employment Growth⁹ 69% -2.5--1.8% -2.6--2.4% 0.3-1.0% 3%

⁴ Source: IMF, World Economic Outlook, April 2010, data are 2010 estimates; Tax Administration of Kosovo, June 2010; Central Bank of Kosovo, June 2010; KPEP data

⁵ Source: IMF, World Economic Outlook, April 2010, data are 2010 estimates; Statistical Office of Kosovo, May 2010; KPEP data

⁶ Exports for the period January-May 2009 were €47.18 million, while during the same period of 2010 were € 111.02 million.

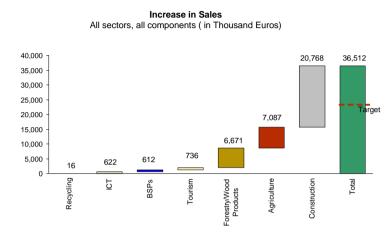
⁷ Source: UNCTAD, World Investment Report, 2010 change in inbound investment; Central Bank of Kosovo, June 2010; KPEP data

⁸ Source: ILO, Global Employment Trends Update, January 2010; Ministry of Labor and Social Welfare, December 2009; KPEP data

⁹ Source: ILO, Global Employment Trends Update, January 2010; Ministry of Labor and Social Welfare, May 2010; KPEP data

2. Sales

The total increase in sales reached €36.5 million, both in enterprises under component one (agriculture, construction, forestry and wood products, ICT and tourism sector) and BSPs, under component two. So, after 21 months of operations, KPEP has achieved a 36.5 percent growth in sales. This is a very positive development considering the global recession. The



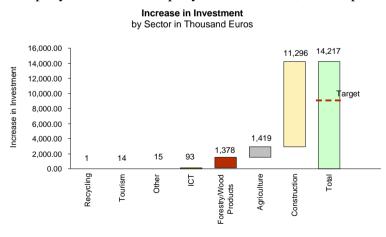
construction and wood processing sectors remained the main contributors to the sales growth.

The main contributors to this increase are two companies of the leading Eurokos, one construction companies and Lesna, wood processing company, together making almost 40 percent of the total value of the increase in sales. Other main contributors are: Lin Projekt, Pestova, Eskavatori,

Abi, Papenburg & Adriani, Bejta Commerce, Graniti and Eurofood, each of them having more than 1 million increases in sales.

3. Investment

The total value of investments reached €14.2 million, thus exceeding the Year 2 target of €8 million. The construction sector continues to drive the investment growth among KPEP firms representing 79 percent of the project's total reported increase in investment. From the list of top ten investing companies, nine are construction firms, and one is a wood processing company and that is company Lesna. In total, 45 companies out of 60 KPEP client enterprises



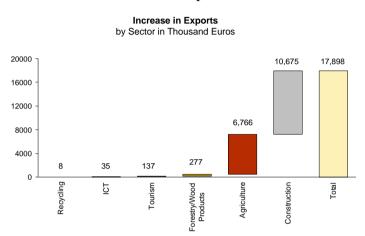
made investment since the KPEP project started. Investment in top ten companies represents percent of the total value of the project's investment increase. Six construction companies invested more than €1 million Eskavatori, Renelual each: Tahiri, Lin Projekt, Fitorja, Papenburg & Adriani The total value of Graniti. investment was made in the domestic market.

No FDI was recorded by KPEP enterprises and no data for 2009 is available for Kosovo. However, the Central Bank of Kosovo projects that FDI will fall this year by 30-35 percent.

4. Exports

The increase in exports to date for the LOP is epsilon17.9 million. During this quarter alone, there was an increase in exports of epsilon0.8 million. The construction sector is still the main contributor to export growth, accounting for 60 percent of KPEP enterprises. However, during this quarter, companies in the agriculture sector exported more than epsilon1 million, thus increasing their share to the overall increase in exports of KPEP companies, now having almost 35 percent of the contribution to the overall increase in exports.

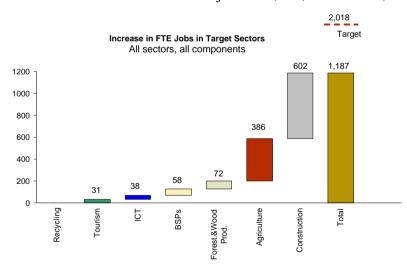
During this quarter, total value of exports of KPEP supported enterprises in all targeted sectors were €1,192,823, while imports were €4,802,447. This provides for an export/import coverage ratio of 24.8 percent, almost two times higher than Kosovo's average coverage ratio of 12.8 percent.



The main exporters during this quarter were Agroprodukt Syne (NWFP), Agroprodukt Commerce (mushrooms), Lesna (doors and windows), Pestova (chips and potatoes) and Eurofood (spices), each exporting goods valued at more than €100,000. All companies, except Lesna, belong to the agriculture sector.

5. Full Time Jobs

The total LOP increase in FTE jobs is 1,187, of which 1,129 were created in enterprises of



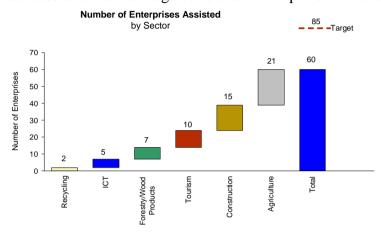
component one and 58 in the business service providers of component two. During this quarter, 420 new FTE jobs were created in enterprises that operate under component one sectors, and 16 new FTE jobs in component two. The share of the construction sector to the LOP increase in FTE jobs is 50.7 percent, agriculture has 32.5 percent share in the increase, BSPs, 4.9 percent, wood processing, 6.1 percent, tourism,

percent, and ICT, 3.2 percent. The main contributors to this increase are the companies in the construction sector: Bejta Commerce, Eurokos, Lin Projekt, Eskavatori, and poultry meat processing company Konsoni, each of them having more than 50 FTE jobs increase to date.

BSPs realized an increase of 58 FTE jobs, a figure that exceeds the LOP target of 36 FTE jobs. While KPEP is still below its job creation target, the project has been able to achieve a 69 percent increase in full time jobs.

6. Number of Enterprises Assisted

The KPEP client database includes 60 enterprises in component one and 15 enterprises (BSPs) in component two, as of the end of this quarter. These are companies that KPEP has assisted and that have agreed to share their performance data with KPEP (The reach of KPEP)



in the private sector is much wider than this. KPEP's activities reach approximately 500 companies). In this quarter, three new enterprises were added to the PBMS, one in wood processing and two in construction sector. This is still below the original target of 115, which should be reached by the end of Year 2. From enterprises in the component one, enterprises belong to agriculture sector. 15 are

construction enterprises, and seven enterprises are in the wood processing sector, five enterprises are in ICT, ten enterprises belong to the tourism sector, two to recycling sector. From the list of 60 enterprises, eleven of them are inactive, most of them in construction sector. Main reason that these companies have been turned into inactive clients is that KPEP has diverted its focus of support to other areas and no longer can support these enterprises.

7. Transactional data

During this quarter, KPEP supported enterprises in different sectors to carry out various transactions. Below is the list of the transactions supported by KPEP during the quarter:

- <u>Business linkage</u>. As a result of a linkage established by KPEP between the local recycling company Kroni and the German company CSG Werkezeug Machinen Service GmbH, the first shipment of 15 tons, valued at €6,750 of PET flakes was made to Germany. There is a good prospect that this transaction will evolve to one-year contract.
- Travel Day Fair 2010. The fair organized by KOTAS, Kosovo Tourism Association and supported by KPEP, attended 70 exhibitors and 28 participants of the gastronomy competition-more than double of the number of the last year's fair. The activity generated immediate sales of €2,088. Post-fair survey with eleven companies resulted with sales generated for the period May-June in amount of €195,000.
- <u>Budva Trade Show</u>. Seven companies, members of AWPK, which attended Budva Trade Show in Montenegro, generated €21,300 in export sales. KPEP has supported participation of these companies to the fair, with training, logistics and financial support. The follow up interviews with these companies suggested that negotiated sales during the first year following the trade fair will be €420,000. KPEP specialist will closely monitor the outcome of these negotiations, and report them when occur.

• Natyra 2010 Fair. The fair organized by AWPK and supported by KPEP. The sales and transactions that were completed during the fair amounted to €140,000. Negotiated transactions of sales were up to €800,000. KPEP specialist will closely monitor the outcome of these negotiations, and report them when occur.

8. Microenterprises

USAID's economic growth programs in Kosovo are aimed at value chain improvements through greater competitiveness of firms, and their products and services.

Microenterprises have been an important beneficiary of the USG assistance program. Sectors where competitiveness requires product standardization at the producer level, such as dairy programs, have significant results on microenterprises. Mission support has focused on assistance to sectors where a significant number of micro enterprises participate in the value chain, including organizations in agriculture, tourism, ICT and wood products. The mission also supported microenterprise development in addressing cross cutting issues in workforce development, business enabling environment, and business support services.

This quarter KPEP assisted microenterprises to improve their performance, improve their production capabilities, new product development and establish linkages with larger firms to make them part of the local value chain. Total KPEP resources devoted to supporting microenterprise development to date are \$3.6 million.

Examples of KPEP's activities in support of microenterprises include:

- Development and execution of the communications strategy for the promotion of Kosovo produced fruits and vegetables
- Conduct the annual wild blueberry conference and field demonstrations in NWFP for wild product cultivation, blueberries and management
- Marketing and promotion of product offers to selected international group-Catalog of tourism offers. The catalog of tourism offers have proven to be very popular, so KPEP ordered reprinting. It is anticipated that twenty tourism businesses and related organizations will increase their revenues significantly.

9. Trade Capacity Building

The Project has, in the third quarter of Year II, implemented plans initiated earlier in creating a new "culture of trade" within the advisory level of the GoK.

KPEP, with assistance and funding from World Learning, took nine GoK and two Chamber of Commerce representatives to Geneva for a week of intensive capacity building in trade policy best practices and practical approaches to participation in the Central European Free Trade Agreement and future accession to the World Trade Organization. As a result of the Study Tour, the GoK has developed the first inter-ministerial trade council.

This intensive study trip to Geneva, Switzerland was designed to maximize the GoK's capacity for meaningful participation in the regional trading community, both from a policy perspective and from a bottom-up business perspective. The rationale for the week of lectures, meetings, and dialogue sessions is encapsulated below:

Low government capacity and understanding of regional trade policies and practices is hindering Kosovo's ability to trade competitively. Roughly 10% of Kosovo's trade is in the form of exports. Of the imports, the vast majority consists of consumer goods and building materials rather than inputs into value added manufacturing or agricultural processes. One major reason for this imbalance is the unstable trade relationship between Kosovo and its neighbors. Rather than finding efficient solutions to problems arising under CEFTA, the Government of Kosovo persists in creating even more barriers to entry for regional producers. This results in nothing more than higher potential for a trade war that Kosovo cannot win.

Key government officials responsible for aspects of regional trade policy and regulation will return with a much clearer understanding of Kosovo's rights and responsibilities regarding regional trade. They will therefore be better positioned to promote and defend Kosovo's interests and meet Kosovo's obligations in ways that make all the regional partners happy, which in the longer term will contribute to improved economic conditions. In addition, a deeper understanding of these issues will help prepare the GOK to enter the process of WTO Accession.

Specifically, the program was designed to build capacity among the participants to:

- Describe the details and importance to Kosovo of CEFTA and other regional trade policies and practices;
- Articulate current trade challenges and potential solutions in the framework of regional policies and practices;
- Articulate the role of trade policy and law as a facilitator of trade rather than an obstacle;
- Articulate the principles of development of sound trade policy;
- Begin to discuss policy implementation plans; and
- Begin to develop efficient legal and policy resolutions to problems (rather than political solutions).

KPEP also continues to work on an analysis and best practices guide in the complex area of VAT reimbursement on imports that go into the manufacturing process of products that will be re-exported. A comprehensive presentation outlining Kosovo's official and de facto procedure for VAT reimbursement on imported inputs that are re-exported was followed by coordination with local and international tax experts in advocating for change in the rules at the GoK level. When the final rules are promulgated, the KPEP presentation will be used to train the private sector in proper procedures.

KPEP's Agribusiness Climate, Legal and Institutional Reform Diagnostic were approved during this Quarter. A roundtable discussion of findings, recommendations, and several projects suggested by the assessment included several recommendations on Cross-border Trade that will undoubtedly have a long term positive effect on reform and development assistance. These included the development of a Customs Enquiry Point and a regional pricing benchmark system to determine whether unfair trade practices are common.

Additional trade capacity building work includes a number of demand driven activities that seek to facilitate trade directly.

Support continues with key Kosovo industries to export to the EU, more fully participate in regional trade through established agreements, and reduce the massive trade imbalance. USG

assistance supported exports of Kosovo products, including processed agricultural products such as pickled peppers, niche products such as wild mushrooms, blueberries, UHT milk, and cream with peppers, and processed wood and non-wood products.

Modern quality standards were a significant focus of assistance as a necessary step to prepare firms in Kosovo to be able to export. The USG contributed to a food processor in Kosovo achieving full Hazard Analysis Critical Control Points (HACCP) certification. To date, five companies are certified. KPEP continues to work with local producers to obtain HACCP and organic certification. We assisted the Kosovo Veterinary and Food Agency to develop dairy product specification standards to be included in the overall food regulatory "food hygiene package". Steps were taken toward achieving preconditions for forest certification to increase the competitiveness of Kosovo's wood products. KPEP also works with road construction companies and building materials firms to help them improve product quality and to obtain certifications. In the ICT sector, KPEP is supporting training programs in which ICT professionals can obtain internationally recognized certifications. We have also initiated a program that will offer PMP (project management) certification in Kosovo.

Activities facilitated trade linkages for Kosovo products. The USG supported Kosovo's second Marketing and Linkages Conference, which brought together producers, processors and retailers. A grant to a business will improve post-harvest handling of fruits and vegetables (e.g., grading/sizing/packing and cold storage facilities), enabling them to increase exports. KPEP facilitated trade show participation in a wood processing fair in Albania in this past quarter, as well as exports to Macedonia. Montenegro, Albania, and Serbia of peppers, potatoes, and UHT milk.

The net results were a very healthy jump in exports for KPEP assisted firms in this quarter of €1.1 million and €17 million over the life of the project.

10. Minorities

KPEP has a mandate to support the activities of minorities in KPEP's selected sector and component work. KPEP takes this mandate very seriously. The integration of minorities is important for Kosovo's economy.

Below are examples of work performed by KPEP in this part quarter which included minorities:

- Non-Wood Forest Collection Centers: KPEP supported the purchase and installation
 of five out of eleven cold storage facilities for non wood forest collection centers in
 minority areas in this quarter, one in the Dragas region (Gorani) and in the north of
 Kosovo (Serbian entrepreneur), Prevalla (Gorani), Novo Brdo (Serb), Prekovce
 (partly Serbian collectors).
- Minority Women Association participates in Agriculture Trade Show: KPEP has helped the minority women's association Ruka Ruci to participate in the agricultural trade show in Novi Sad in June. 30 women members of the association went to the fair and sold handicrafts and food products in the value of Euros 20,000, which is a sizable sale for this association.
- Wood Chip Drying: KPEP provided technical assistance to MV Lesak, a minority owned wood processing firm, on wood chip drying. The company plans to produce briquettes.

- Forest Certification: A minority community member, Sasa Vukadinovic, is represented on the nine member Forestry Standards Development Group, the group which is developing the standards that are a part of the effort to certification of Kosovo's forests from the Forestry Stewardship Council.
- Tourism Support: The KPEP Tourism team support minorities in Brezovica, Novo Brdo and Rahoveci. Experience providers from these regions participated in the KPEP supported travel day fair, catalog of tourism offers, portal, organized tours and other marketing assistance: Hotel Ljuboteni and Restaurant Majestic (Brezovica), B&B Dragan Markovic family (Rural Tourism Novo Brdo) and the Bozhidar Petroviq wine producing family (Rahovec).

11. Gender

From the KPEP database:

- ✓ As of June 30, 2010, KPEP clients employ 264 women, out of a total of 1,820 employees, or 14%.
- ✓ The number of women trained through KPEP programs is 624 (not including trade fair participation) out of 3,966, or 15%.
- ✓ The number of women that obtained employment through KPEP-initiated training programs, such as internships is 18, out of a total number of 34, or 52%.
- ✓ The Number of women provided with services (excluding training) is 429 out of total 995, or 43%.

KPEP places special emphasis on the inclusion and support of women through its activities and programs.

Examples of KPEP activities supporting women in business include:

- **Support to Business Associations**: KPEP works closely with the ICT, Wood Processing and Tourism Associations, which are headed by women. We have provided governance training to the associations, as well as support for the provision of value added services, including trainings, and trade show participations.
- Widow's Association receives technical assistance: KPEP provided continues support to the Widow's Association in Krusha e Madhe through consultation and assistance. This association includes 65 women who are widows. KPEP helped develop a floor plan that would be HACCP-certifiable for their vegetable processing plant. We are working on developing a business model for them that will allow them to operate sustainably financially, i.e. members can acquire equity in the new entity, which can harge fees and distribute profits based on a quote.
- Minority Women Association participates in Agriculture Trade Show: KPEP has helped the minority women's association Ruka Ruci to participate in the agricultural trade show in Novi Sad in June. 30 women members of the association went to the fair and sold handicrafts and food products in the value of Euros 20,000, which is a sizable sale for this association.

- **KPEP** helps women business owners become more successful: KPEP has supported several women consultants through trainings and direct consulting engagements; KPEP is currently implementing a mentoring and coaching program for 16 women business owners in Pristina, to help these women business owners become more successful, through networking among themselves, better marketing skills, more knowledge about accounting and access to finance, and development of multi-year business plans. We have received enthusiastic feedback on this program, and are considering extending it to other cities in Kosovo.
- Women Entrepreneurs: Out of the 50 participants who completed the KPEP-sponsored entrepreneurship training in early 2010, 13 were women. The program foresaw that 8 trainees with the best business plans would be able to apply for a favorable loan scheme, benefit from a free consultation and business registration service and benefit from 2 KPEP grants matching 20% of the total loan amount received. Kaltrina Mujaj, a 21 year old businesswomen from Gllogovc, is one of 8 best candidates. She has since opened the first private kindergarten in her hometown, and employed 3 other women.
- Accounting and Financial Training: Out of the 25 participants who completed the first KPEP supported accounting and finance training and internship program 19 were women. Out of the 17 that found employment, 16 are women.
- Women Non Wood Forest Product Collectors: Last fall and winter, KPEP provided training on sustainable harvesting of non-wood forest products for 510 collectors. 95 of these were women. Wild product collection is an important source of income, in particular in remote rural areas. Women collectors will be able to contribute significantly to family household income.
- Women-run NGOs successful in tourism: KPEP support for women NGO's in the tourism sector has been crucial for the promotion of these organizations' sales. 14 handicraft NGO's managed by women exhibited at the KPEP-sponsored Travel Day Fair 2010. One of them, SHPPL from Peja, generated over Euros 10,000 in sales in the first half of 2010, 40% of which the owner attributes to the participation in the fair. KPEP has supported the women-run NGO Rugova Experience, the NGO Jeta and NGO Lulebora with tourism advisory.

KPEP Women Business Owner Mentoring and Coaching Program

"This program, the training and coaching, makes me more courageous about trying new marketing strategies to build my business," says Krenare Rakovica, a third generation designer and owner of Filigran, a small central Pristina city business that creates and produces filigree jewelry.

Recognizing that small businesses are an important economic driver across all economies and that women business owners can have novel challenges, last spring KPEP launched a pilot project developed to train and coach women business owners. Krenare, quoted above, is one of the fourteen business owners. Marilyn Evans, a former owner of businesses in the US and a consultant with KPEP, is assisted by two local business consultants, Sabri Jagxhiu and Ardita Rizvanolli, owners of a local successful boutique and custom tailoring businesses. The participating businesses, employing from 1-10, range from salon spas to kindergartens to boutiques to jewelers to bakers to custom tailors to a stamp maker/designer.

Though interviews and a SWOT analysis, discovering each business's strengths, weaknesses, opportunities and threats, two major themes surfaced. First, all women business owners needed and wanted ideas about how to more strategically market their products and services. Secondly, they required a broader range of knowledge about local capitalization options.

The training and mentoring sessions focus on these two main business challenges. Marketing exercises are utilized to enable in-depth creative thinking about their customer bases: who are they appealing to?; what are the critical attributes of their customers?; what are their needs and desires related to the business offerings?; how can they expand their products and services to satisfy customers' desires?; and how can they connect with more similar customers?

For instance, Krenare's business designs high-end traditional filigree jewelry that internationals desire as special souvenirs. Currently, she is considering ways to gain access to more international customers, such as cross marketing strategies with folk craft businesses, opportunities to display designs at hotels and possibly communicating with organizations, such as the International Women's Club. In addition to personalized discussions about marketing ideas and exercises for creative thinking, Zhaki Advertising presented options, noted by company representative, Vlora Hajdini, "A good idea is not adequate for a successful business; you must effectively communicate to your market segments."

Considering their second business growth need, gaining capital, the participants benefited from presentations by local financial institutions that provide a range of options, including micro-finance type institutions (Crimson Capital, FINCA and KEP) as well as local banks (Pro-Credit and TEB). The presenters generously provided insights and answered specific questions posed by the women business owners.

Based upon each business's mentoring and business plans, coaching will continue through September. Given the enthusiastic feedback from the participants, KPEP is considering developing a replication model including additional Pristina-based women owners who have requested involvement and those of other major cities. KPEP will continue to promote "courage" and stimulate ideas for other women business owners to develop and expand their markets that in turn will create more jobs for Kosovo.

12. PBMS Methodology

The Performance Based Management System (PBMS) monitors progress against program targets, facilitates reporting of the results attributable to KPEP efforts and provides data for reporting to USAID. It identifies successful enterprise, sector and industry clients, interventions and consultants and allows the team to compare projected results to actual results on a monthly, quarterly, semi-annual and annual basis. The baseline and targets are set for all indicators for the life of the project (LOP).

• Data collection

The KPEP specialists worked with the client enterprises to establish baseline data. Initial baseline data is recorded for the period just prior to implementation of activities that contribute to achievement of results, enabling comparison when measuring progress toward a specific result or objective. The baseline provides a snapshot of a performance indicator as a point of reference.

For enterprises, baseline data includes jobs, sales, production, investments, foreign direct investment and partnerships. The KPEP specialists are responsible for data collection from enterprises. The PBMS Specialist reviewed the information received and performed quality control. After that, the PBMS specialist entered the data into the project's database. The reports produced from the access database and excel spreadsheets are used for inclusion in quarterly reports to USAID.

Confidentiality

Data are used for internal purposes by the KPEP project and/or USAID to assess progress against stated objectives only. Enterprise level data are not shared with any third party. Reports shared with outside parties do not contain individual-subject data; only aggregate results are reported in a summary format. KPEP maintains security policies and procedures to protect access to all enterprise level data.

Quality of the data

The sector specialists are responsible for the first-level data quality control. The quality checks have been made to ensure that data collected and included in the database are accurate and reliable. Every single transaction entered in the database was double checked for accuracy.

• Data verification

The PBMS specialist conducts site visits and interviews with representatives from the client enterprises and organizational partners to verify the results that have been reported. In addition to verification of the accuracy and consistency of the results reported, the PBMS specialist also will determine whether the results were caused by the KPEP intervention and thus attributable to the project.

• Status of the Indicators

The status of Project Indicators is set out in the Annex 1 entitled *Report on Indicators*. This Annex gives the status of all indicators from the PMP.

13. Multipliers

Using multipliers to estimate total economic impact or the employment impact of direct sales and growth of a particular industry is a common economic tool. There are numerous methodologies and academic studies used to develop, calculate and detail multipliers for particular sectors in specific economies. However, the process for developing a multiplier for specific sectors in Kosovo would be potentially costly and the data may not be available or accurate. Instead, we collected multipliers on KPEP sectors from a wide range of sources and extrapolated multipliers we could use on an anecdotal basis.

One important tool that is widely used to evaluate economic development impacts is the *economic impact analysis*. Economic impact analyses measure the potential impact of economic decisions by business, government, and consumers on an economy.

An economic impact analysis is based on the concept of the *multiplier*. The multiplier is the relationship between some change in an economy and the succeeding economic activity that occurs as a result of that change. Consider the location of a new automobile parts manufacturer. Initial projections of the impact of the firm would likely include estimates of the number of new jobs and the income earned by the new workers. This is called the *direct effect*, which is an initial change in the economy.

But there are other effects as well. It is likely that the new plant will require inputs of goods and services from other local businesses. These purchases generate new jobs and income in those allied industries. These spinoff activities are referred to as *indirect effects*. In addition, the new workers in the parts plant and the employees in the supporting industries spend a portion of their income locally to meet household needs, and this spending creates new jobs and income. The jobs and spending created as a result of these activities are called the *induced effect*.

The sum of the direct, indirect, and induced effects is the *total effect*. The process of job creation and income generation continues so long as some portion of spending remains local. The multiplier is an estimate of how much additional economic activity will result from some new investment in an economy. "Multiplier" is an appropriate term, because the original investment is "multiplied" by the multiplier to obtain the total economic impact

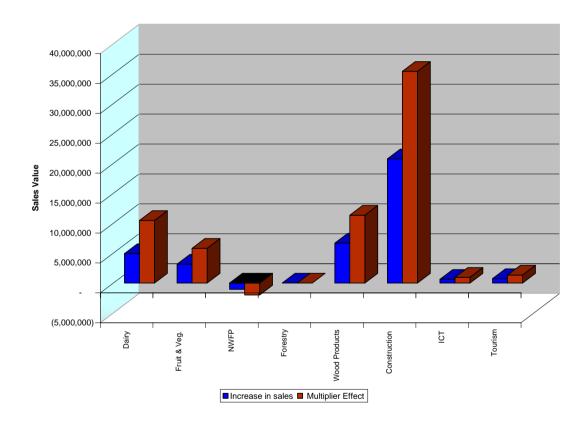
KPEP developed the average multipliers for each KPEP sector. Minor sub-sectors, like metal processing and poultry meat processing are not included in the calculation.

Sector	Economic Impact	Employment
Dairy	2.13	1.84
Fruit and Vegetable	1.84	1.96
Non-Wood Forest Products	1.90	1.58
Forestry	1.84	1.89
Wood Products	1.70	1.66
Construction	1.70	1.84
ICT	1.54	1.57
Tourism	1.81	1.39

1. Economic Impact

Sector	Increase in sales	Economic Impact	Multiplier effect
Dairy	4,923,838	2.13	10,463,156
Fruit & Veg.	3,155,623	1.84	5,806,346
NWFP	(1,049,496)	1.90	(1,994,042)
Forestry	-	1.84	-
Wood Products	6,670,808	1.70	11,340,374
Construction	20,767,831	1.70	35,394,318
ICT	621,893	1.54	954,606
Tourism	735,757	1.81	1,331,720
TOTAL	35,826,254		63,296,477

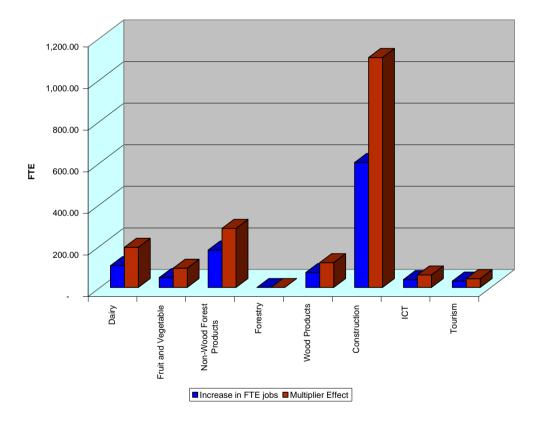
So, the multiplier effect for the total increase in sales for the LOP of €35,826,254 is €63,296,477. In average, for one euro increase in sales, another 1.77 euro has been generated all the way through the value chain of KPEP targeted sectors.



2. Employment

Sector	Increase in FTE jobs	Employment	Multiplier effect
Dairy	105.13	1.84	193.44
Fruit and Vegetable	47.38	1.96	92.86
Non-Wood Forest Products	180.05	1.58	284.48
Forestry	-	1.89	-
Wood Products	72.06	1.66	119.62
Construction	601.08	1.84	1,105.99
ICT	38.39	1.57	60.27
Tourism	30.76	1.39	42.76
TOTAL	1,074.85		1,899.42

The multiplier effect for the total increase in employment for the LOP of 1,075 FTE jobs is 1,899 FTE jobs. In average, for one new FTE job, another 1.77 FTE jobs have been generated all the way through the value chain of KPEP targeted sectors.



14. Attribution

The KPEP Attribution Process is a method for assigning results more specifically to KPEP interventions. In the past, KPEP (and KCBS before it) has captured the quarterly revenue, investment, and job data from our client partners and reported it exactly as it is received regardless of the level of assistance provided to that firm. We will continue to report data in this manner. The KPEP Attribution Process will help capture transaction level data and will assign a percentage of quarterly revenue that KPEP can reasonably be responsible for and accountable for. This exercise will add valuable insight into the effectiveness of our interventions is specific sectors and can inform out future investment decisions.

The steps are as follows:

- 1. Collect transactional data on an ongoing basis from both KPEP and non-KPEP firms
- 2. Collect quarterly data from KPEP firms as usual
- 3. Subtract transactional data from quarterly data for KPEP client firms
- 4. Assign an attribution percentage (based on guidelines below) to the remaining client sales based on KPEP activities and support. This percentage should be assigned based on activities, regular formal evaluations by the clients as well as informal discussions with the client firms
- 5. Meet as a team inclusive of USAID and outside perspective to debate and defend assigned percentages, come to consensus and consistency across sectors, and discuss problem areas (cases when sales when down relative to the baseline for example)
- 6. Report both gross numbers and attributable numbers to USAID
- 7. Use attributable numbers for internal management purposes

Scoring: Sector specialists will assign a ranking for each company in each quarter based on what percentage of the firm's quarterly sales, investment or jobs created KPEP can reasonably take credit for. Scores will be assigned in quartiles 0, 25, 50, 75, or 100%.

Scoring	g Criteria
0%	No support was given to the firm in this quarter (includes technical assistance,
	grants, training, or any activities listed above)
25%	1 medium level activity, or 1-2 low impact activities performed with the client firm
	having a result on sales, investment or jobs
50%	1 to 2 high level impact activity or 3 or more medium level impact activities (or a
	combination of low, medium, and high level impact activities)
75%	3 or more high level impact activities (or a combination of activities that includes 2
	or more high level and 3 or more medium level activities)
100%	An intensive combination of all levels of activities with a single firm. A 100%
	ranking should be reserved for only those firms who have received extensive
	support throughout the reporting period.

Scoring Guidelines: List of generic activities with low, medium, and high level impact rankings with respect to sales, investment, and job creation for client firms. These activities are to be viewed as guidelines and Sector Specialists may describe other activities not categorized below in supporting the ranking they assign a client firm.

High Impact	Medium Impact	Low Impact
• Buyer	Marketing campaigns	Trade fairs
meetings/introduction	 Marketing support 	 Conferences
S	 Packaging and branding 	Agriculture
• Buyer – Seller	support	demonstration plots
negotiations	Market research	 Feasibility studies
 New product 	Advisory services	 National strategies
development	Study tours	Export plans
• Investor	 Partnership facilitation 	• Other – describe
materials/presentation	Storage facility construction	
S	Management support	
• Internships	Training	
Agriculture	Agronomy/productivity	
aggregation	support	
• Transport and	Certification training	
logistics	Certification preparation	
• Other –describe	support	
• SAF grants	Standards preparation	
	Other –describe	

Following are the results on the attribution regarding four main indicators: sales, jobs, exports and investment. The attribution data should be regarded as preliminary as we have not yet had our peer reviews to calibrate attribution estimates across each sector.

1. KPEP attribution on sales

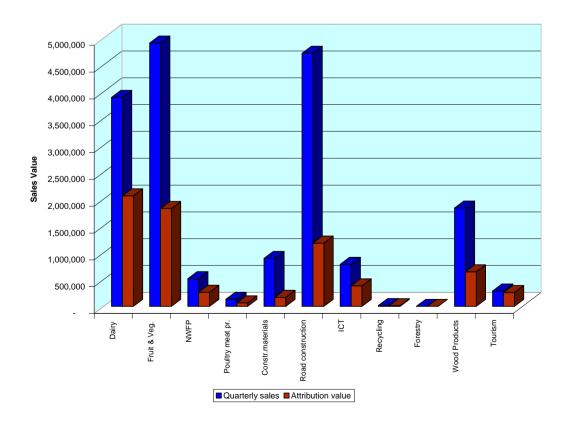
1.1. Total KPEP

Total Quarterly Sales KPEP Firms	€ 17,603,546
Total KPEP Attributable Sales	€ 6,482,139
Attribution % for the quarter	37%
Total Quarterly Sales Non-KPEP Firms	€380,138
Total Non-KPEP Attributable Sales	€380,138
Attribution % for the quarter	100%
Total Sales	€ 17,983,684
Total KPEP Attributable Sales	€ 6,862,277
Total Quarter Attribution %	38%

1.2. By sub-sector

Sector	Sub-sector	Quarterly data	Attribution value	Percentage of attribution
Agriculture		9,452,669	4,215,781	45%
	Dairy	3,895,199	2,061,600	53%
	Fruits and vegetables	4,909,581	1,824,900	37%
	Non-wood forest products	515,424	263,050	51%
	Poultry meat processing	132,465	66,233	50%
Construction	Construction		1,348,047	24%
	Construction Materials	894,160	168,424	19%
	Road Construction	4,718,492	1,179,623	25%
ICT		783,529	383,275	49%
	ICT	783,529	383,275	49%
Recycling		15,439	13,267	86%
	Recycling	15,439	13,267	86%
Tourism		286,238	258,207	90%
	Tourism	286,238	258,207	90%
Wood Proce	ssing	1,833,157	643,701	35%
	Wood Processing	1,833,157	643,701	35%
Grand Total		17,983,684	6,862,277	38%

Of the total value of sales of epsilon17,983,684, KPEP's attribution is epsilon6,862,277, or 38% of the total amount of the quarterly sales of the KPEP clients.



2. KPEP attribution on exports

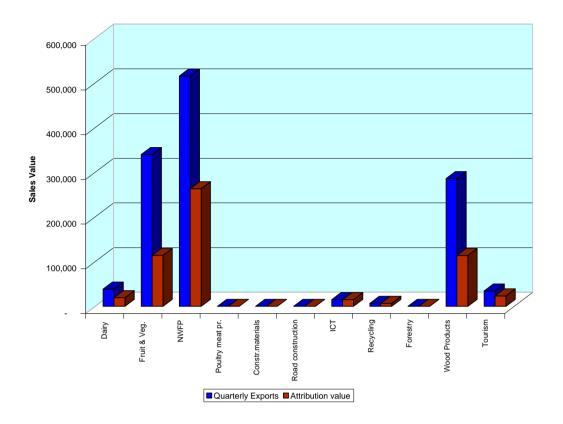
2.1. Total KPEP

Total Quarterly Exports KPEP Firms	€ 1,192,823
Total KPEP Attributable Exports	€ 512,384
Attribution % for the quarter	43%
Total Quarterly Exports Non-KPEP	
Firms	€43,050
Total Non-KPEP Attributable Exports	€43,050
Attribution % for the quarter	100%
Total Exports	€ 1,235,873
Total KPEP Attributable Exports	€ 555,434
Total Quarter Attribution %	45%

2.2. By sub-sector

Sector	Sub-sector	Quarterly data	Attribution value	Percentage of attribution
Agriculture		893,780	396,415	44%
	Dairy	38,589	19,295	50%
	Fruits and vegetables Non-wood forest	339,767	114,071	34%
	products	515,424	263,050	51%
	Poultry meat processing	-	-	-
Construction		-	-	-
	Construction Materials	-	-	-
	Road Construction	-	-	-
ICT		15,000	15,000	100%
	ICT	15,000	15,000	100%
Recycling		6,750	6,750	100%
	Recycling	6,750	6,750	100%
Tourism		34,453	23,409	68%
	Tourism	34,453	23,409	68%
Wood Processi	ng	285,890	113,860	40%
	Wood Processing	285,890	113,860	40%
Grand Total		1,235,873	555,434	45%

Of the total value of exports of $\in 1,235,873$, KPEP's attribution is $\in 555,434$ or 45% of the total amount of the quarterly export sales of the KPEP clients.



3. KPEP attribution on investment

3.1. Total KPEP

Total Quarterly Investment KPEP Firms	€ 394,659
Total KPEP Attributable Investment	€ 196,588
Attribution % for the quarter	50%

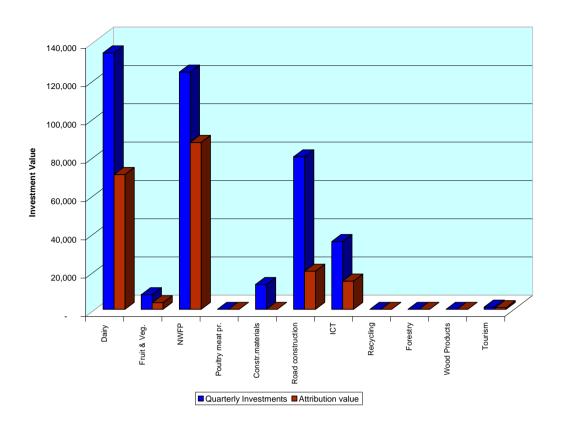
Total Quarterly Investment Non-KPEP Firms	€0
Total Non-KPEP Attributable Investment	€0
Attribution % for the quarter	0%

Total Quarter Attribution %	50%
Total KPEP Attributable Investment	€ 196,588
Total Investment	€ 394,659

3.2. By sub-sector

Sector	Sub-sector	Quarterly data	Attribution value	Percentage of attribution
Agriculture		265,445	161,048	61%
	Dairy	133,900	70,425	53%
	Fruits and vegetables Non-wood forest	7,645	3,448	45%
	products	123,900	87,175	70%
	Poultry meat processing	-	-	-
Construction		92,635	19,909	21%
	Construction Materials	13,000	-	-
	Road Construction	79,635	19,909	25%
ICT		35,409	14,755	50%
	ICT	35,409	14,775	50%
Recycling		-	-	-
	Recycling	-	-	-
Tourism		1,170	878	42%
	Tourism	1,170	878	42%
Wood Processi	ing	-	-	-
	Wood Processing	-	-	-
Grand Total		394,659	196,588	50%

Of the total value of investments of \in 394,659, KPEP's attribution is \in 196,588 or 50% of the total amount of the quarterly investments of the KPEP clients.



4. KPEP attribution on employment

4.1. Total KPEP

Total Quarterly FTE KPEP Firms	490.26
Total KPEP Attributable FTE	186.52
Attribution % for the quarter	38%

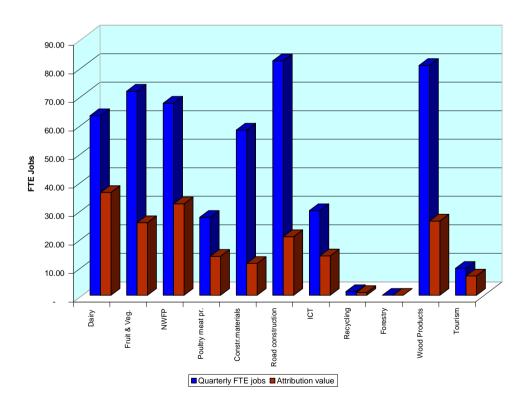
Total Quarterly FTE Non-KPEP	
Firms	€0.00
Total Non-KPEP Attributable FTE	€0.00
Attribution % for the quarter	0%

Total FTE	490.26
Total KPEP Attributable FTE	186.52
Total Quarter Attribution %	38%

4.2. By sub-sector

Sector	Sub-sector	Quarterly data	Attribution value	Percentage of attribution
Agriculture		157.90	107.24	47%
	Dairy	62.95	36.05	57%
	Fruits and vegetables Non-wood forest	71.54	25.47	36%
	products	67.34	32.06	48%
	Poultry meat processing	27.33	13.67	50%
Construction		140.11	31.72	23%
	Construction Materials	57.92	11.17	19%
	Road Construction	82.19	20.55	25%
ICT		29.67	13.81	47%
	ICT	29.67	13.81	47%
Recycling		1.29	0.97	75%
	Recycling	1.29	0.97	75%
Tourism		9.44	6.77	72%
	Tourism	9.44	6.77	72%
Wood Processing		80.58	26.02	32%
	Wood Processing	80.58	26.02	32%
Grand Total	_	490.26	186.52	38%

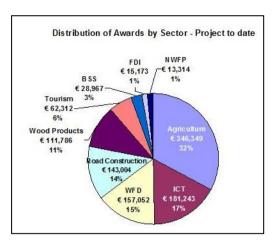
Of the total number of 490.26 FTE jobs created during this quarter, KPEP's attribution is 186.52 FTE jobs, or 38% of the total amount of the quarterly FTE jobs of the KPEP clients.



STRATEGIC ACTIVITIES FUND

Outreach: During this quarter, KPEP presented the SAF program at USAID's CEED Kosovo Top Class learning event "Writing Project Proposals for Donor Funds". CEED organized the event for members of their Top Class program on April 28.

KPEP also continued its practice of organizing pre-bid meetings, where organizations interested in submitting a proposal are given the chance to learn more about Requests for Proposals (RFPs) and SAF procedural requirements. All solicited RFPs and Requests for Applications (RFAs)



were published in local newspapers and on the KPEP website.

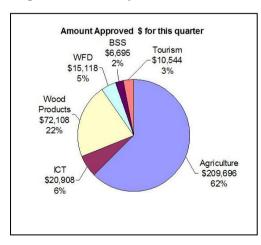
SAF Review Committee: The SAF review committee continued its weekly meetings. In this reporting period, SAF organized 13 SAF review committee meetings. Compared to previous reporting periods, interest from applicants declined slightly. In this quarter KPEP received 33 concept papers compared to 45 in the previous quarter. Of these, we approved seven, requested more information from an additional seven, and rejected 19.

Requests for Applications: In this quarter, KPEP issued two Requests for Applications. In response to the "Non Wood Forest Product Processors - HACCP Introduction and Certification" RFA, KPEP received five grant applications. KPEP visited all five applicants, and recommended that all receive grants. KPEP received three applications in response to the "Fruit and Vegetable Collection Centers" RFA, for which it is currently conducting due diligence.

Requests for Proposals: During this reporting period, KPEP issued 12 Requests for Proposals. The advertisements were published in local newspapers and on the KPEP website. For four of these, the subcontracts issued were either sole-sourced due to pre-eminent capability or because the project was a follow on to a previous activity.

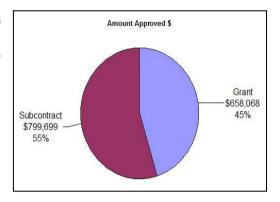
The eight subcontracts signed this quarter had a total value of $\[\in \]$ 61,100 (\$79,030). KPEP awarded 18 grants in this quarter with a total value of $\[\in \]$ 191,295 (\$256,039). The total value of subcontracts and grants awarded in this quarter was $\[\in \]$ 252,395 (\$335,069).

The Q3 grants and subcontracts were awarded to organizations from the following KPEP approved sectors/components: Agriculture (62%), ICT (6%), WFD (5%), Wood Processing (22%), BSS (2%) and Tourism (3%).



Type of Awards				
Type of Award	Approved Euros	% Distribution		
Grants	€480,212	45.34%		
Subcontract	€578,988	54.66%		
Total	€1,059,199	100%		

The cumulative value of KPEP subcontract (42) and grant (40) awards through the end of this quarter - June 30, $2010 - \text{equals } \in 1,059,199$ (\$1,457,767).



Fixed price subcontracts were awarded to the following companies:

	Awardees	Short Description of Project	Total
1	Kosovo Association of ICT (STIKK)	Business Process Outsourcing (BPO) Workshop/ Conference	€ 2,095
2	GRIMA CONSULTING	White Bean Demonstration Plots	€ 7,420
3	Soil Association Woodmark	Forest Testing of the second draft of Kosovo Forest Stewardship Council Standard	€ 6,083
4	Republika - Marketing Communication Agency	Dairy promotion for children	€ 18,850
5	Kosovo Tourism Association KOTAS	Organization of Tourism Familiarization Trip for Delegation from Turkey	€ 8,514
6	Riinvest	Sale and Marketing Training Program for BMM's	€ 2,000
7	Management & Development Associates (MDA)	Tourism Job Fair	€ 4,980
8	MD Consulting	Organization of blueberry conference and field trials	€ 11,159
		Total	€ 61,101

Grants were awarded to the following organizations:

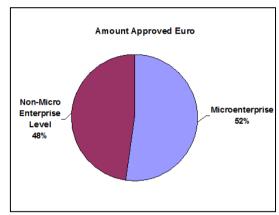
	Awardees	Short Description of Project	Total
1	Association of Wood Processors of Kosovo (AWPK)	Support AWPK visit to major 2010 wood processing events/ fairs	€ 53,800
2	Farmer Association Perdrini	Demonstration of new planting technologies (watermelon, melon, pumpkin and cucumber)	€ 9,870
3	AmCham	Career Fair	€ 6,750
4	Natyral Fruti	Non Wood Forest Products Collection Centers – Cold Storage	€ 5,000
5	Besiana	Non Wood Forest Products Collection Centers – Cold Storage	€ 4,900
6	Fungo FF	Non Wood Forest Products Collection Centers – Cold Storage	€ 5,000
7	Fungo KOS	Non Wood Forest Products Collection Centers – Cold Storage	€ 5,000
8	Agroprodukt Commerce	Non Wood Forest Products Collection Centers – Cold Storage	€ 4,980
9	Universal Gip	Non Wood Forest Products Collection Centers – Cold Storage	€ 5,000
10	Eko Galic	Non Wood Forest Products Collection Centers – Cold Storage	€ 5,000
11	Ekos-Sani	Non Wood Forest Products Collection Centers – Cold Storage	€ 4,990
12	NGO Flores	Non Wood Forest Products Collection Centers – Cold Storage	€ 5,000
13	Natyra	Non Wood Forest Products Collection Centers – Cold Storage	€ 5,000
14	Kosovo Association of ICT (STIKK)	Participation of the association in - CeBIT 2010	€ 6,793
15	Kosovo Association of ICT (STIKK)	Technical support to develop and launch new online member services	€ 7,800
16	Magic Ice	Installation of Hard Cheese Production Line	€ 29,000
17	Eurofruti	Establishment of Non Wood Forest Products processing unit	€ 24,000
18	Ruka Ruci	Fair Participation in Novi Sad Agriculture fair	€ 3,412
		Total	€ 191,295

Over half of our awards (52.26%) throughout the duration of the project, support activities that benefit microenterprises:

Distribution of Awards by Type of Enterprises						
Enterprise	% of total	Euros				
Non Microenterprise	47.74%	€ 505,683				
Microenterprise	52.26%	€ 553,516				
Total	100.00%	€ 1,059,199				

Awards that will directly benefit microenterprises this quarter are as follows:

- 1. GRIMA CONSULTING will provide technical assistance to farmers through White Bean Demonstration Plots
- 2. The Farmer Association Perdrini will provide assistance to farmers by demonstrating new planting technologies (watermelon, melon, pumpkin)
- 3. Natyral Fruti establishment of NWFP Collection Centers for collectors
- 4. Besiana establishment of NWFP Collection Centers for collectors
- 5. Fungo FF establishment of NWFP Collection Centers for collectors
- 6. Fungo KOS establishment of NWFP Collection Centers for collectors
- 7. Agroprodukt Commerce establishment of NWFP Collection Centers for collectors
- 8. Universal Gip— establishment of NWFP Collection Centers for collectors
- 9. Eko Galic establishment of NWFP Collection Centers for collectors
- 10. Ekos-Sani establishment of NWFP Collection Centers for collectors



- 11. NGO Flores establishment of NWFP Collection Centers for collectors
- 12. Natyra establishment of NWFP Collection Centers for collectors
- 13. Kosovo Tourism Association KOTAS Organization of Tourism Familiarization Trip for Turkish Delegation
- 14. Eurofruti Establishment of Noon Wood Forest Products processing unit
- 15. Ruka Ruci Fair Participation in Novi SAD Agriculture Fair

Environmental Compliance Report

An Initial Environmental Examination (IEE) for KPEP was completed and approved on April 24, 2008. In accordance with Regulation 22 CFR 216 Threshold Determination, the IEE aims to ensure that the activities to be implemented under KPEP are environmentally sound.

The IEE requires Booz Allen, as the implementing contractor, to take certain actions. In particular (as specified in the IEE), all sub-agreements under the program must incorporate provisions that the activities to be undertaken comply with the environmental determinations and recommendations of the IEE.

During this quarter, KPEP supported 26 activities through SAF (see table below). Of these, 12 activities fall under the category of "Categorical Exclusion" – activities that have no effect on the natural or physical environment, 12 fall under the category "Negative Determination" - activities that have small potential for environmental impact, and two fall under the category "Positive Determination" activities, where KPEP conducted a full Environmental Due Diligence (EDD).

No	Organization	Type of ER Checklist		cklist	Project Name
		Categori cal Exclusio n	Neg. Determi nation	Pos. Determi nation	
1	Kosovo Association of ICT (STIKK)	X			Business Process Outsourcing (BPO) Workshop/ Conference

2	GRIMA	_	T	T	White Bean Demonstration Plots
~	CONSULTING		X		Management Management
3	Soil Association			+	Forest Testing of the second draft
	Woodmark	X			of Kosovo Forest Stewardship
	,, oodinark	41			Council Standard
4	Republika - Marketing		 	+	Dairy promotion for children
	Communication	X			Daily promotion for children
	Agency	41			
5	Kosovo Tourism			1	Organization of Tourism
	Association KOTAS	X			Familiarization Trip for Delegation
					from Turkey
6	Riinvest	•-			Sale and Marketing Training
		X			Program for BMM's
7	Management &				Tourism Job Fair
	Development	X			
	Associates (MDA)		<u></u>	<u></u>	
8	MD Consulting	v			Subcontractor to manage blueberry
L		X			conference and field trials
9	Association of Wood	X			Support AWPK visit to major 2010
<u></u>	Processors of Kosovo	<u>Λ</u>			wood processing events/ fairs
10	Farmer Association				Demonstration of new planting
	Perdrini		X		technologies (watermelon, melon,
				1	pumpkin, and cucumber)
11	AmCham	X			Career Fair
12	Natyral Fruti		X		Non Wood Forest Products
	1				Collection Center – Cold Storage
13	Besiana		X		Non Wood Forest Products
<u></u>	<u></u>		1	1	Collection Center – Cold Storage
14	Fungo FF		X		Non Wood Forest Products
1 -	E WOO		1	 	Collection Center – Cold Storage
15	Fungo KOS		X		Non Wood Forest Products
1 <	A one 1 1 /		1	+	Collection Center – Cold Storage
16	Agroprodukt		X		Non Wood Forest Products
17	Commerce Universal Gip			+	Collection Center – Cold Storage
17	Universal Gip		X		Non Wood Forest Products
18	Eko Galic			+	Collection Center – Cold Storage Non Wood Forest Products
10	LAU GAIIC		X		Non Wood Forest Products Collection Center – Cold Storage
19	Ekos-Sani		+	+	Non Wood Forest Products
19	EVO2-29III		X		Non Wood Forest Products Collection Center – Cold Storage
20	NGO Flores		1	+	Non Wood Forest Products
20	1100 1 10103		X		Collection Center – Cold Storage
21	Natyra			+	Non Wood Forest Products
	1,000,100		X		Collection Center – Cold Storage
22	Kosovo Association of			1	Participation of the association in -
~~	ICT (STIKK)	X			CeBIT 2010
24	Kosovo Association of				Technical support to develop and
	ICT (STIKK)	X			launch new online member
	·/				services
25	Magic Ice				Installation of Hard Cheese
				X	Production Line
26	Eurofruti				Establishment of Non Wood Forest
				X	Products processing unit
			.1	.1	

B. COMMUNICATIONS

Media Monitoring: KPEP is monitoring the local press on a daily basis, focusing on articles related to KPEP's work or of interest to sector specialists. The local press headlines are distributed to all staff. Furthermore, KPEP follows up on articles of interest (with phone calls to journalists and editors for example) and archives articles by dividing clippings in individual folders: a general KPEP folder (with newspaper clippings of articles that mention KPEP or KPEP events), one on forestry and one on dairy issues. KPEP has also started collecting newspaper clippings of articles on

■ Telling KPEP's Story■

KPEP and Local Media: This quarter, KPEP appeared on several TV shows including RTK, RTV21, Koha TV, TV Prizreni, Klan Kosova, a Radio Kosovo economic show, Radio Dukagjini, and in the print press. The media appearances were related to the MASHAV certificate ceremony, Travel Day Fair, Natyra Fair, World Milk Day, the dairy promotion campaign, and PET export to Germany.

In this reporting period, KPEP was directly referenced 58 times in the Kosovo newspapers on topics ranging from the Travel Day Fair, the National Geographic Travel Supplement featuring Kosovo, World Milk Day, KPEP's AgCLIR & BizCLIR event, the Fancy Food Show in the US, and the dairy promotion campaign.

road construction, workforce development and attracting foreign investments. The articles are scanned and stored electronically. Media monitoring also covers Kosovo online news agencies, and whenever possible, TV news and TV programs that focus on issues relevant to KPEP's work.

The UNMIK and OSCE press offices have added KPEP staff to their distribution lists for local and international news clippings and summaries.

KPEP has also created a 'Google Alert' system which automatically feeds information specific to KPEP on the Internet.

Media Relations: This continues to be an important component of KPEP outreach. In order to encourage the media to cover KPEP events, and ensure that coverage is positive, KPEP has continued in this quarter to establish new contacts with journalists and editors covering mostly economic issues, and has maintained professional relations with existing contacts. Contacts have been established with the editors of Ekonomisti.net online economic news agency, and with the editor of the business and economy supplement of Zeri newspaper. Thanks to the professional relationships established to date, media attendance and coverage of all KPEP events has been very satisfactory. As a result of the assistance provided to Workforce Development for the promotion of the carpentry vocational schools, contacts were local radio stations in Giilan/Gniilane. Ferizai/Uroševac. Mitrovicë/Mitrovica, Podujevë/Podujevo, Pejë/Peć and Deçan/Dečan. All contact details are entered in the media database.

In this quarter, KPEP issued press releases on the following events: Travel Day Fair, training of Kosovo farmers by two agronomists from MASHAV (Israeli International Development Agency), National Geographic Travel Supplement featuring Kosovo and the Natyra Fair.

KPEP prepared and distributed press kits or event folders containing general information on KPEP and specific information on KPEP sectors, as well as press releases, presentations, and contact information at all events.

Media Coverage: This quarter, KPEP has monitored Kosovo's eight daily newspapers, all of which published stories on KPEP activities or related to KPEP's work. Newspaper reporters have attended KPEP events that were open to the media, and have used information

disseminated by KPEP through press releases. Newspapers reported more extensively on tourism, agriculture and workforce development related activities.

Success Stories: Successful events and achievements, including pictures, were captured immediately. KPEP submitted two stories for the RCI newsletter: one on the World Milk Day event in Kosovo on June 1, and the other on recent KPEP tourism activities. To date, KPEP has built a rich archive of stories and a picture gallery. KPEP continued to produce a monthly report highlighting major achievements and success stories.

Field Trips: The Communications Specialist has assisted sector specialists to prepare scene setters and talking points for various KPEP events and field trips, and has drafted summaries of these field trips. In addition, the Communication Specialist accompanied sector specialists on their visits to establish direct contacts with KPEP clients and gather first hand information on ongoing activities that receive KPEP support, to be used for a variety of KPEP publications.

KPEP Identity: Keeping in line with USAID branding rules and guidelines, special efforts have been made to continue to promote the KPEP identity. These efforts mainly consist of making certain that banners, roll ups, and posters appear at all events. Examples include the promotion of www.KosovoGuide.com and the Travel Day Fair 2010, posters for the Road Infrastructure Lecture Series held May 17-28, 2010 and "Carpentry Days" held throughout Kosovo in May 2010, and training materials and information for KPEP clients. Special efforts were made to ensure that reports, power point presentations, invitations and other documents follow the strict USAID branding rules and guidelines on the use of language. The reception area displays the latest posters.

KPEP assisted ICT, WfD, Construction and Agribusiness clients with promotional advice on the proper usage of logos and language.

Website: The KPEP website more prominently features notifications on events organized with KPEP support, as well as related presentations and training materials. The new KPEP webpage has been designed and populated. USAID approved sector descriptions featured on the website at the end of the quarter, and the new website will go live following minor edits.

Promotion of KPEP's Work: In this quarter, KPEP continued to work with the local film production company, "Koperativa", to film and produce a 20-25 minute documentary film on "Road Construction and Traffic Safety in Kosovo". The final draft presented to KPEP suggested a few changes that needed to be introduced. It was then submitted to USAID, who suggested several edits. Koperativa has incorporated all requested changes and KPEP is reviewing the English transcript.

The KPEP Communications Specialist worked with MDA, a local consulting company, to finalize the re-print of the "Catalogue of Tourism Offers". This activity included photographing various tourism destinations within Kosovo, editing text and presenting the information in the catalogue.

KPEP's Wood Processing and Communication Specialists assisted the Association of Wood Processors of Kosovo (AWPK) with its efforts to promote the Natyra Fair 2010 in the local media. To achieve this, KPEP established contacts between AWPK and the editor-in-chief of Ekonomia-ks.com economic news agency, which publicized the fair on its website for two weeks prior to the event (free of charge). The news agency also ensured that journalists

participated in the opening ceremony of the fair, which received very good media coverage. The Communications Specialist assisted the Executive Director of AWPK to draft a media alert and press release for the event, both issued by AWPK.

Newsletter: 14,000 copies of the newsletter on KPEP activities in the first two months of 2010 were distributed as an insert to the Koha Ditore newspaper on March 24. The second draft newsletter for March-April activities was submitted to USAID for approval.

Event Organization

On May 6, KPEP organized a media event to promote the Catalogue of Tourism Offers and to provide an opportunity to Kosovo tour operators and travel agencies to meet with members of the media and exchange information. The event gathered journalists representing mostly newspapers and online agencies. Both groups contributed with fruitful ideas about what is important to know about Kosovo's tourism potential and offers, and about the increasing trend of inbound tourism worldwide.

In cooperation with the Agribusiness Specialist, KPEP planned and organized the final event of the dairy promotion program in Pristina, implemented by the Republika marketing and communications agency. The dairy event was officiated by the Minister of Agriculture, Forestry and Rural Development and received excellent media coverage.



Promovohet projekti: "Programi për ndërmarrje publike

USAID-i ndihmon mbrojtjen e pyjeve të Decanit

Në Komunën e Deçanit, sipas të dhënave zyrtare, janë dëmtuar 30 % të pyjeve, kurse projekti i nisur është i mirëseardhur dhe është vlerësuar lart nga autoritetet komunale, të mërkurën

Decay, 10 Mals- Me synimin per mbrojtje dhe menaxhim pyjesh të vendit, kryetari i Komunës së Deçanit, Rasim Selmanaj, dhe John Mackillop, udhëheqës i projektit "Programi për ndërmarrje publike në Kosovë", kanë promovuar projek-tin e tyre, financuar nga USAID-i. Për zbatimin e këtij projekti, me të cilin synohet mbrojta dhe menaxhimi i pyjeve të kësaj komune, do të angazhohen edhe ekspertë ndërko-mbëtarë, si edhe ata vendës. Në Komunën e Deçamit, sipas të dhënave zyrtare, janë dëmtuar 30 % të pyjeve nga prerjet pa leje, kurse kv prijeve nga prerjet på leje, kurse ky projekt është i mreseardhur dhe është vlerësuar lart nga autoritetet komunale. "Ky projekt është i mreseardhur, pasi shpresohet që të vihet një rend i duhur hgjor dhe menaxhues i pyjeve. Sepse deri tashti shkalla e degradimit dhe e prerjeve pa leje ka qenë tejet e

dëmshme", ka thënë Rasim Selmanaj, kryetar. Ai ka shprehur gatishmërinë për një bashkëpunim edhe në projektet e tjera me USAID in. Ne jemi të gatshëm të bashkëpunojme me USAID-in", është shprehur ai, duke kërkuar që në Deçan të for-mohet Bordi Mbikëqyrës i Pavarur, i cili profesionalisht do të ndihmonte mbrojtjen, kultivimin dhe menaxhimin e pyjeve", ka pohuar Seimanaj. Nga ana tjetër pjesëmarrësit e këtij takimi janë pajtuar që në Deçan të themelohet një bord i tillë dhe të mbahet një takim me donatorë e njëherësh kanë kërkuar që kompetencat të zhresin në komuna. Ndërkohë është kërkuar që sa më parë të miratohet ndryshimi i Ligjit të pyjeve, që të krijohen mundësitë për themelimin e ndërmarrjeve publike komunale për menaxhimin dhe mbrojtjen e pyjeve në këtë komune.

Fillon certifikimi i pyjeve të Kosovës sipas standardeve ndërkombëtare

Malet e Kosovës njihen ndërkombëtarisht

Prishtinë, 28 janar - Megjithëse Kosova ka mbi 40 për qind të territorit të saj sipërfaqe me pyje, ajo ende nuk po i shfrytëzon malet për të gjeneruar zhvillim dhe vende Të reja pune. Për këtë USAID-i amerikan të enjten ka filluar diskutimin për t'i certifikuar pyjet e Kosovës sipas standardeve ndërkombëtare, që pritet të bëhen në fund të vitit 2011.

Ambasadori amerikan në Kosovë, Christopher Dell, ka thënë se Kosova ka mbi 40 për qind të sipërfaqeve me pyje. Këto duhet të shfrytëzohen, në mënyrë që vendi të ketë më shumë përfitime.

"Këto resurse natyrore duhet të zhvillohen dhe të krijojnë zhvillim ekonomik dhe gjenerim të vendeve të reja të punës. Ne do t'i përkrahim institucionet e Kosovës", ka premtuar ambasadori Dell. Sipas tij, zhvillimi ekonomik është prioritet për institucionet e Kosovës dhe se ruajtja e pyjeve do të ndikojë në rritjen e zhvillimit ekonomik dhe në shtimin e të punësuarve. Ndërsa ministri i Bujqësisë, Pylltarisë dhe Zhvillimit Rural (MBPZHR), Idriz Vehapi, është shprehur se Qeveria e Kosovës do t'i mbështesë angazhimet për



Ambasadori amerikan në Kosovë, Christopher Dell, ka thënë se Kosova ka mbi 40 për qind të sipërfaqeve me pyje. Këto duhet të shfrytëzohen, në mënyrë që vendi të ketë më shumë përfitime

certifikimin e pyjeve.

Ministri Vehapi ka përmendur projektin madhor për mbjelljen e dy milionë fidanëve në kuadër të projektit të pyllëzimeve me moton "një banor një fidan", që është zhvilluar nën patronatin e kryeministrit Thaçi, i cili projekt është tradicional. Kurse drejtori i Programit për Ndërmarrje Private në Kosovë, (KPEP), David Cowles, certifikimin e pyjeve në Kosovë e ka vlerësuar si mundësi që burimet e pyjeve të Kosovës të depërtojnë në tregjet ndërkombëtare dhe që vendi të përfitojë sa më shumë të ardhura

Certifikimi i pyjeve në shumë vende të botës bëhet nga Këshilli për Mbikëqyrjen e Pyjeve (FSC), i cili e ka selinë në Bon në Gjermanisë. Kosova për të marrë certifikim për pyje po mbështetet nga Programi i Ndërmarrjeve Private në Kosovë i USAD-it amerikan. Kosova vazhdimisht është përballur me rrezikun që të mbetet jashtë tregjeve fitimprurëse të Evropës perëndimore. Malet e Kosovë pritet të marrin certifikatë ndërkombëtare në tetor të vitit 2011, nëse të gjitha procedurat shkojnë sipas parashikimeve që janë paraparë.



KOSOVA SOT

erimeve ishte të trajtonte çësht-

Memorandum për investimet

je është mbajtur Kuvendi VI vjetor i Odës Ekonomike Amerikane në Kosovë (Oda Amerikane). Përveç anëtarëve aktivë të Odës Amerikane, në këtë kuvend ishin pranishëm edhe zyrtarë të Ambasadës Amerikane në Kosovë, përfaqësues nga Zyra për Ndërlidhje Civile të kampit Bondsteel, drejtori l për Promovimin Agjencisë Investimeve, Mustafë Hasanaj, për-faqësuesja e UNDP-së në Kosovë, Lindita Daija, si dhe përfaqësues të institucioneve vendore dhe ndërkom-

SHKURT

◆ Salduesit do të

certifikatë të njohur

Pjesëmarrësit që trajno-

drën e Trajnimit të KEK-ut

do t'u lëshohet certifikata

hen për saldim në Qen-

e njohur ndërkombëta-

risht. Hapi i parë është

31.03.2010 pasi është

Programit për Ndër-

bërë nënshkrimi i marrë-

marrje Private në Kosovë

(KPEP) i mbështetur nga

USAID-i. Kontrata është

nënshkruar nga z. Arben

naxhues i KEK-ut dhe nga

dhe z. David Cowles, Drej-

tor i KPEP. "Qëllimi i mar-

rëveshjes së sotme është

ndërkombëtar të Qendrës

se Trajnimit në KEK sh.a

në tëmin e teknologjisë së

"KEK-u është i interesuar

që të krijojë një Qendër të

njohur ndërkombëtarisht

në lëmin e saldimit me

certifikimit të salduesve.

Akreditimi i Qendrës se

trajnimit është me ren-

KEK-un për ngritjen e ka-

brenda ashtu edhe jashtë

kompanisë", tha z. Gjukaj.

Projekti i KPEP ka shpre-

ndërkombëtar te Qendrës

hur gatishmërinë qe ta

mbështes Akreditimin

se trajnimit në KEK, me

qëllim të rritjes së aftë-

sive konkurruese të punë-

simit dhe fuqisë punëtore

sinë e strukturës punuese

për të përmirësuar cilë-

në Kosovë. ■

paciteteve njerëzore si

dësi te veçantë për

qëllim të trajnimit dhe

saldimit", tha z. Gjukaj.

zotimi i përbashkët me

qëllim të Akreditimit

Gjukaj, Drejtor Me-

veshjes se bashkëpunimit ne mes te KEK-ut dhe

hedhur të mërkurën, me

ndërkombëtarisht

pajisen me

Në këtë kuvend u prezantuan aktivitetet që shënuan suksesin e OEAK-së në vitin që lamë pas, u prezantua plani i aktiviteteve për vitin 2010, dhe i njëjti u aprovua nga anëtarët e pranishëm.

Ndër pikat më të rëndësishme në këtë kuvend ishin zgjedhjet për anëtarët e rinj të Bordit të Guvernatorëve të Odës Amerikane. Si rezultat i këtyre zgjedhjeve, president i Bordit të Guvernatorëve të Odës Amerikane është zgjedhur Kristofer Hall, president i Universitetit Amerikan në Kosovë, Bordi i ri i Odës Amerikane përbëhet nga anëtarët në vijim: Kristofer Hall- Universiteti Amerikan në Kosovë - president; Erolld Belegu -'Marigona Residence'- zëvendëspresident, Ardiana Bunjaku- Shoqata e Kontabilistëve të Certifikuar dhe Auditorëve të Kosovës- arkëtare, Dastid Pallaska- 'Pallaska and Associates'sekretar i përgjithshëm, Dennis Purdin- 'Atias Electric', avid Coules-Booz Alen Hamilton-KPEP, USAID, Valon Lluka- Banka Ekonomike, Luan Dalipi- MDA, Gëzim Pula- 3CIS, Eriola Bibollaj- 'ProCredit Bank', Afrim

Kuvendi VI i OEA-së ka zgjedhur rektorin e Universitetit Amerikan në Kosovë për kryetar të Bordit të guvernatorëve të Odës Ekonomike Amerikane. Ky asociacion dje ka nënshkruar memorandum mirëkuptim me Agjencinë për Promovimin e Investimeve në Kosovë

Maloku- 'Deloitte' Gjithashtu, në këtë kuvend u nënshkrua edhe një Memorandum Mirëkuptimi me Agjencinë për

Promovimin e Investimeve në Kosovë, me qëllim të rritjes së bashkëpunimit në mes të Odës Amerikane dhe këtij

institucioni.

Ndër tjera u nënshkrua edhe një Memorandum Mirëkuptimi me UNDP-në në Kosovë, përmes së cilit, Oda Amerikane dhe UNDP-ja në Kosovë do të bëjnë shpërblimin vjetor të biznesit me përgjegjësi korporative për investime në komunitet/shoqëri.

je me rëndësi për këtë sekte Folësit kryesorë u përqendru në atë se si bizneset mund të pë gatiten për konkurrencë më mire lokale dhe rajonale du kuptuar kërkesat e tregut p cilësi të produktit dhe të pe punimit pas vieljes. Paneli diskutuesve nga radhët blerësve të specave përfshir përfaqësues të kompanive të sh jes së produkteve ushqimore i pakicë dhe përpunuesve Kosova d specave nga Shqipëria.

"Viti 2009 ishte vit shume i m për prodhuesit e specave çmime për tregun e fresket d në 35 centë për kilogram d speca për përpunim deri në centë për kilogram. Edhe pse v 2010 nuk jep asnjë garanci j çmime, prodhuesit mund të ofrojnë tregut produkte më cilë tha John MacKillop, drejto Konkurrueshmerise Bujqës pranë Programit për Ndërmai Private të Kosovës.

Nië tieter obiektiv i Konferen për fruta dhe perime ishte p movimi i krijimit të rrjeti afariste mes pjesëmarrësve kësaj konference. Ne konfere morën pjesë mbi 100 partnere interesit, që përfaqësonin pr hues dhe përpunues lokale o rajonalė, agjenci qeverita shitës me pakicë dhe shumici lhe palë të tjera të interesuar.



Dell inkurajon qeverinë për reforma në ekonomi

Christopher Dell ka inkurajuar Qeverinë e Kosovës për reforma në ekonomi. Ai ka vlerësuar se rreziqet e bërjes së biznesit në Kosovë janë të larta

Jeton Ademi Prishtinë, 24 qershor

Me qëllim të ofrimit të rekomandimeve për fermerët e vegjël dhe shoqatat e prodhuesve, është publikuar të enjten nga Agjencioni i SHBA-ve për Zhvillim Ndërkombëtar (USAID), studimi "Diagnozë e mjedisit afarist për reformat ligjore institucionale, për agrobiznes dhe mjedis afarist dhe rekomandimet për Kosovën". Me këtë rast, ambasadori i SHBA-ve në Kosovë, Christopher Dell ka inkurajuar Qeverinë e Kosovës për reforma në ekonomi në mënyrë që të përmirësojë imazhin e vendit për të sjellë kapital në vend. Dell ka thënë se pengesat burokratike dhe afariste për të investuar në Kosovë janë dekurajuese. Ai ka vlerësuar se rreziqet e bërjes së biznesit në Kosovë janë të larta, andaj sipas tij, përmes riorganizimit të proceseve administrative, zbatimit të kontratave dhe mbështetjes së investitorëve, Kosova mund të përmirësojë imazhin e vet dhe të sjellë kapital në vend. Ai është shprehur se do të duhet guxim për Qeverinë që t'i shtyjë reformat e nevojshme dhe të qëndrojnë këmbëngulës deri sa reformat të vihen në vend.

"Është vetëm një mënyrë për ta bërë këtë, me ekonomi të lirë, të udhëhequr nga sektori konkurrent privat që krijon vende punc dhe mirëqenie për të gjithë qytetarët e Kosovës", ka thënë ambasadori Dell.

Bujqësia punëson 25-30 për qind

Në anën tjetër, për rrjedhat në bujqësi ka



Pylltarisë dhe Zhvillimit Rural (MBPZh) BIerand Stavilcci, i cili ka theksuar se bujqësia është një sektor i rëndësishëm ekonomik, i cili siguron pjesën më të madhe të punësimit në Kosovën e pasluftës. Ky sektor, ka nënvizuar ministri Stavileci, punëson në mes të 25-30 për qind të punësimit të përgjithshëm me pjesëmarrje prej 16 për qind të vlerës në eksportin total. Në vazhdim ministri Stavileci ka përmendur faktin se bujqësia kosovare karakterizohet me ferma të vogla dhe me sipërfaqe të vogla bujqësore për kokë banori, pasi ngastrat e tokës janë shumë të fragmentuara. "Qeveria e Republikës së Kosovës, që nga viti 2008 ka rritur në mënyrë progresive buxhetin për bujqësinë, konkretisht për kategorinë e projekteve të investimeve kapitale dhe për kategorinë e projekteve zhvillimore të granteve dhe pagesave direkte. Krahas rritjes së buxhetit, MBPZHR-ja është duke punuar në zhvillimin institucional për kri-

jimin e kapaciteteve dhe të infrastrukturës për menaxhimin e fondeve që orientohen

në përkrahje të sektorëve me potencial për

mbulimin e tregut të vendit me produkte bujqësore", ka thënë ministri Stavileci. fund, ministri Stavileci ka falënderuar USAID-in, Programin për Ndërmarrje Private për kontributin e pakursyer që po e japin në zhvillimin e sektorit të bujqësisë.

Mbi 750 milionë euro nevojiten për zhvillimin e Bujqësisë

Ndërkaq, ministri i Ekonomisë dhe Financave (MEF) Ahmet Shala, ka vlerësuar se një nga sfidat që do të jenë edhe në dekadat

e ardhshme do të jetë punësimi, dhe bilanci tregtar i Kosovës me vendet e rajonit. "Këto sfida janë identifikuar edhe në këtë projekt të bërë nga USAID-i", është shprehur ai. Sipas tij, Kosova mund të ketë një zhvillim dhe investim në bujqësi me një qarkullim mbi 750 milionë euro dhe një punësim deri në 200 mijë veta. Mirëpo, ministri Shala ka thënë se kjo nuk do të arrihet për një ditë as për dy, e as për tre vjet. "Për këtë nevojitet një afat më i gjatë për të mund të arrihet në këtë shkallë të zhvillimit, sidomos të sektorit të bujqësisë", ka thënë ministri Shala

Krijohet autoriteti menaxhues

Me qëllim të forcimit të ekonomisë agro-ru-rale në aspektin e kuadrit ligjor dhe kuadrit institucional, MBPZHR ka ndërmarrë vep-rimet dhe hapat konkretë në përmirësimin e strukturës së fermave bujqësore. Ministri Stavileci, ka thënë se është krijuar edhe Autoritërij Menavhus i cili beston ore.

Autoritetin Menaxhues, i cili harton pro-gramet për grante investuese dhe harton

rregulloret për mbështetje të projekteve të ekonomive bujqësore. Po ashtu, është krijuar edhe Njësia e Pagesave për menax-himin e fondeve të buxhetit të Kosovës.

USAID përkrah eksportin kosovar të PET-it të riciklua

Sot, Kosova ka bërë dërgesën e 15 tonëve të parë me petëza PET, falë një lidhjeje të biznesit mes kompanisë KRONI, i vetmi riciklues i PET në Kosovë dhe CSG Werkzeug Maschinen Service GmbH në Gjermani, lidhje kjo e realizuar nga Programi për Ndërmarrje Private të Kosovës. "Dërgesa prej 22 tonë petëza PET, që ka gjasa reale për t'u shndërruar në një kontratë një-vjeçare mes kompanisë KRONI dhe kompanisë gjermane, është gjithashtu një hap shumë i rëndësishëm drejt zhvillimit të industrisë së riciklimit të PET në Kosovë," tha Drejtori i Programit për Ndërmarrje Private në Kosovë David Cowles. Strategjia e Programit për Ndërmarrje Private në Kosovë (KPEP) është përqendruar në punën me kompani dhe përpunues ekzistues në riciklim për të identifikuar stimuj për mbledhjen dhe eksportimin apo përpunimin e plastikës dhe materialeve të tjera të riciklueshme, si dhe për të krijuar nisma apo dhe lidhje biznesore. Përpjekjet e KPEP në vitin e tij të dytë do të përqendrohen në zgjerimin e pilot-përpjekjeve për riciklim, duke krijuar lidhje të duhura biznesore dhe duke promovuar organizimin



dhe bashkëpunimin në sekto privat të grumbullimit në shk të vogël. Programi për No marrje Private të Kosovës ës një aktivitet katër-vjeçar i krij për të stimuluar ekonominë e sovës duke rritur aftësinë k kurruese të biznesit privat, i p krahur nga populli amerikan I mes Agjencisë për Zhvillim No kombëtar të Shteteve të Ba kuara (USAID). Përmes Prograi për Ndërmarrje Private të Ko vës (KPEP) USAID përmirëson tësinë konkurruese të biznes duke punuar në sektorë që ka potencial për t'u zhvilluar. ■





këtë njoftim thuhet se shtojca e



Diskutohet për pyjet

Krahas angazhimeve për të arritur certifikimin e pyjeve të Kosovë, Programi për Ndërmarrje Private në Kosovë i USAID-it organizoi më 28 janar 2010 një aktivitet për të diskutuar standardin e miratuar të certifikimit dhe për t'i inkurajuar partnerët e interesit që t'i japin komentet e tyre lidhur me këtë çështje. Më 14 dhjetor 2009, Programi për Ndërmarrje Private në Kosovë (KPEP), nisi periudhën e diskutimit publik të Standardit të Parë të Këshillit për Mbikëqyrjen e Pyjeve (FSC) për Kosovë, që ka për gëllim mbledhjen e komenteve dhe mendimeve të njerëzve të Kosovës lidhur me draft-standardin. Grupi për zhvillimin e standardit do t'i shfrytëzojë këto komente për ta harmonizuar standardin dhe për ta shtyrë procesin përpara. Periudha e diskutimit publik është e hapur deri më 14 shkurt 2010. "Kjo ngjarje ishte një mundësi e shkëlqyeshme për t'i bërë bashkë partnerët e interesit në fushën e pylltarisë që të japin kontributin e tyre të vlefshëm për procesin e certifikimit të pyjeve të Kosovës nga FSC-ja. Arritja e konsensusit mes tyre është shumë e rëndësishme për këtë proces. Përpos që siguron menaxhim të përgjegjshëm të burimeve pyjore të Kosovës, ky proces do t'i mundësojë industrisë të drurit në Kosovë që të depërtojë në tregje ndërkombëtare", tha David Coules, dreitor i KPEP-it.

Deçani me masa të përkohshme për mbrojtjen e pyjeve

Curr Mazrekai

DECAN → Në një takim të Bordit mbikëqyrës, të themeluar nga legjislativi komunal dhe në praninë e udhëheqjes komunale të Deçanit dhe të Junikut, zyrtarëve të AKP-së, policisë lokale dhe të ekspertëve të pylltarisë, është marrë vendim që nga e premtja e kaluar, të aplikohen masat e përkohshme për mbrojtjen e pyjeve të këtyre dy komunave, të cilat tash sa vite vazhdojnë të përballen me krimin e organizuar dhe prerjet ilegale. Përvec forcimit të pikave të kontrollit në tri laurat, në Deçan, Lloqan dhe Junik, është kërkuar angazhim shtesë i rojeve të pyjeve, ndërsa punëtorët e ndërmarrjes



"Pylltaria", menjëherë do të fillojnë punën, siç u tha, në mbështetje të këtij aksioni, i cili vlerësohet se nga organizimi i të gjithë faktorëve relevantë komunalë do të jep rezultate. "Nuk mund të rrimë indiferent përballë veprimeve shkatërruese të pasurisë sonë kombëtare dhe të kapërdijmë vakuumin ligjor deri në bartjen e kompetencave, ngase do të mbesim

pa këtë pasuri", ka thënë Rasim Selmanaj, kryetar i komunës, e cili vendimin e marrë nga bordi e ka arsyetuar si masë të përkohshme së paku për të shpëtuar ajo që ka mbetur të shpëtohet. Sipas tij, vakuumi ligjor është i pajustifikueshëm, sepse deri në bartien e kompetencave, pyjet e mbetura pa mbrojtjen e askuit do të shkatërroheshin në tërësi. Pavarësisht, nga dështimet e Agjensionit të Pyjeve të Kosovës në menaxhimin e pyjeve, por edhe të vet ministrisë, nuk mund të lejojmë anarkinë aktuale lidhur me bartjen e kompetencave nëpër komuna. Prandaj, ka nënvizuar kryetari Selmanaj, "detyrimisht do të veprojmë duke lidhur të gjitha hallkat e shkëputura, pavarësisht se mund të inter pretohet ndryshe nga ata që nu mund t'u krijojë favore ky ve prim, nga ata të cilët më së shun ti janë përgjegjës për këtë gjend je". "Atë që nuk po mund ta bëj ministria e besa as geveria, do t bëjmë ne të gjithë së bashku", k thënë Mujë Avdijaj, kryetar i Bo dit, i bindur se me një organizir të tillë dhe veprim të duhur, De cani do të jetë shembull edhe pë komunat tjera.

Sipas inxhinierit të pylltaris Shefqet Tolaj "vetëm prania punëtorëve të ndërmarrjes "P Iltaria", të cilët në fillim do të me reshin me rregullimin e rrugëv urave dhe pastrimin e mbetjev drusore, do t'i zvogëlonte prerje ilegale deri në 30 për qind".

USAID-i përmbylli fushatën për produktet e qumështit

PRISHTINË, 29 OBRSHOR - Programi për Ndërmarrje Private të Kosovës (KPEP-USAID) të martën ka përmbyllur fushatën e produkteve të qumështit.

Drejtori i KPEP, David Cowles, ka theksuar se qëllimi i fushatës ka qenë të rritet vetëdija e konsumatorit për vlerat e qumështit. Kurse ministri i Bujqësisë, Pylltarisë dhe Zhvillimit Rural (MBPZHR), Blerand Stavileci, ka theksuar se USAID-i ka bërë punë të madhe në këtë aspekt. "Që mos të jetë vetëm 1 Qershori i shënuar si Dita e Qumështit, por që i gjithë muaji qershor të jetë muaj i qumështit, ne gjithmonë jemi munduar t'u dalim në ndihmë fermerëve në përgjithësi", ka vlerësuar ai, duke shtuar se këto ndihma nuk janë të mjaftueshme, por po mundohen që,

sadopak, t'ua lehtësojnë gjendjen në të cilën ndodhen fermerët.
"Falënderojmë USAID-in, i cili me fushatat e veta po mundohet ta rrisë vetëdijen e popullatës për vetitë ushqyese të produkteve të qumështit", është shprehur Stavileci. (Afet Bela)

Hapet panairi i turizmit

Prishtinë, 22 prill - Mbi 70 kompani i kanë prezantuar ofertat e tyre të turizmit vendor në hapjen e panairit "Dita e Turizmit në Kosovë 2010", në Prishtinë. Për të dytën herë u organizua panairi i turizmit nga Shoqata e Turizmit të Kosovës (KOTAS), i mbështetur nga Programi për Ndërmarrje Private në Kosovë i USAID-it. Drejtori i KOTAS-it, Zekë Çeku, tha se sivjet në këtë panair, produktet e tyre i prezantojnë më tepër se 70 biznese dhe shoqata relevante, anëtarë dhe joanëtarë të KOTAS-it. "E kemi fatin që si biznese të turizmit, udhëtimeve, hotelerisë, gastronomisë dhe artizanateve, si dhe nivele të komunave, të përkrahemi financiarisht dhe me

ekspertizën profesionale nga donatorët, si USAID-i, GTZ, CARE, si dhe nga Këshilli i Evropës dhe UNDP". Ai tha se duhet të bëhet më tepër në ngritjen e imazhit të Kosovës si destinacion turistik, ngritjen e vetëdijes mbi rëndësinë dhe rolin e turizmit për ekonominë kombëtare në Kosovë, si dhe bashkëpunimi i koordinuar ndërmjet sektorit publik dhe atij pri-

vat.
Në anën tjetër, ish-ministri i
Turizmit në Nevada të SHBA-ve,
Thomas Tait, është shprehur se me
gjithë përparimet e turizmit në
botë, Evropa mbetet pikësynimi
dhe tregu më i madh për turistët, që
e përbën përqindjen më të madhe
anekënd botës. Në këtë ngjarje
gjithashtu u shpallën fituesit në gastronomi. Përfaqësues të këtyre fitueseve u shprehën të kënaqur me suksesin që kanë arritur nga organizimi
i këtij panairi në vitin e kaluar.
Gazmend Lipa, menaxher në
hotelin "Dukagjini", tha për "Lajm"

se kanë pasur frekuentim të madh të njerëzve pas mbajtjes së panairit. Ai thotë se presin sukses edhe pas këtij panairi, duke thënë se i kanë edhe kapacitetet për pritjen e mysafireve. Edhe Albert Mirdita, menaxher i marketingut në hotelin "Grand", thotë se kanë pasur nevojë për një panair të tillë, pasi nëpërmjet tij mund t'i ofrojnë vlerat dhe traditën e vendit. (a. maloku)



Ekonomi

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U hap panairi

Edicioni i glashtë i panaint tradicional të mobilienë dhe industrisë së drurit në Kosovë Natyra 2010, ka mbledhur të enjten një numër të madh të kompanive vendore dhe të huaja për të ekspozuar produktet e tyre. Ky panair si edihe herëve të kaluara është organizuar nga Shoqitta e Përpumusve të Drurit të Kosovës dhe përkrahur nga USAID-1. Me këtë rast ministri i Bujqësisë, i Pylifarisë dhe i Zhylllimit Rural,

Blerand Stavileo, ka mene se tokat pyjore mbulojné gati gjysměn e terniorit tě Kosovés obe ty fakt a běn Kosovén njě prej vendeve mě pyjore ně Evrope. Ai ka shtuar se njě pjese e madhe e populate se Kosovés ně měnyrě direkte apo indirekte siguron mjetet e jetrsés pej pyjeve toru. Stavilecí ka theksuar se objektiv i pegjitirshém i Qevensé sé Républikte se Kosovés esíntě që të ngrihet kontributi

I sektorit pyjör në ekonominë kombëtare, përmes shri ytëzonit të qëndrueshëm të ine surseve pyjore, duke konsideruar nolet shumë funksionale që ato kanë. Për më tepër ai ka shtuar se që të ketë përputihe me këtë oblektiv të përgjithshëm. Qeveria do të mirëmbajë dhe do të zgjerojë zbatimin e aktiviteteve të sekonit përmes offinit të një komize instrucionale, me regullativa mbështetëse.

Vendet turistike të Kosovës në "Nacional Geographic"

Prishtinë, 3 qershor - Disa nga destinacionet më të mira turistike të Kosovës janë paraqitur në një shtojcë speciale të revistës "National Geographic", që prezanton "thesaret e fshehura" të gjashtë vendeve të Ballkanit Perëndimor. Kjo nismë është



zhvilluar nga USAID/Uashington. Destinacionet kryesore të Kosovës u përzgjodhën në bazë të rekomandimeve të dhëna nga Ministria e Tregtisë dhe Industrisë në partneritet me Programin për Ndërmarrje Private të Kosovës (KPEP) të USAID-it, thuhet në një njoftim të Ambasadës Amerikane në Prishtinë. Më tej në këtë njoftim thuhet se shtojca e revistës "National Geographic", e titulluar "Ballkani Perëndimor - Toka për t'u zbuluar", thekson se destinacionet dhe atraksionet më të mira turistike të Kosovës, Maqedonisë, Shqipërisë, Malit të Zi, Serbisë

Artikulli flet për "46 mënyra fantastike për t'i përjetuar" këto vende dhe premton që "vizitorët nuk ka se si të mos mrekullohen me pasuritë kulturore dhe ndërthurjen plot jetë të popujve, historisë dhe natyrës në këtë kryqëzim të Evropës". USAID-i po i ndihmon vendit më të ri në Evropë të fillojë të njihet si destinacion turistik. Me peizazhin e saj të mrekullueshëm, me male që krahasohen me Alpet, me hotele të drejtuara nga familje që ofrojnë kuzhinë tradicionale, Kosova është një destinacion i ri dhe mahnitës.

Shënohet Dita Botërore e Qumështit

PRISHTINË. Ministria e Bujqësisë, Pylltarisë dhe Zhvillimit Rural (MBPZHR), në bashkëpunim me prodhuesit dhe përpunuesit vendor të qumështit, nën mbështetjen e USAID-it, të martën kanë shënuar Ditën Botërore të Fëmijëve dhe Ditën Botërore të Qumështit. Ministri i Bujqësisë, Blerand Stavileci, ka thënë se MBPZ-HR-ja në vazhdimësi është duke e rritur mbështetjen direkte për fermerët e blegtorisë dhe të sektorëve të tjerë me shkallë prioriteti.

Sipas tij, MBPZHR-ja edhe sivjet do të mbështes fermerët për kafshët e imëta në vlerë 1.5 milionë euro, pastaj do të jepen subvencione për mbarështimin e lopëve qumështore dhe subvencionim për mëshqerra në përmirësimin racor të tyre.

"Gjatë këtij viti do t'i subvencionojmë fermerët vendorë me rreth 30 krerë lopë dhe me rreth 20 mijë krerë dhen e dhi", ka thënë Stavileci, duke shtuar se po ashtu, Qeveria e Kosovës do të aplikojë edhe një sërë masash të tjera lehtësuese për bujqësinë kosovare.

Ndërsa, Arben Musliu, specialist i agrobiznesit në programin e për ndërmarrjet private të Kosovës i USAID-it, ka pohuar se ky është viti i tretë që ata janë në mbështetje të prodhimeve vendore.

"Po punohet në kualitetin e qumështit vendorë dhe janë hapur laboratorë të rinj, që vazhdimisht përcjellin kualitetin e qumështit e që rezulton se është i cilësive të larta", ka pohuar ai. P. SHERIFI

USAID-i përkrah të parin eksport kosovar të PET-it të ricikluar PRISHTINE, 5 MAJ - Kosova ka bërë dergesën e 15 tonëve të parë me petëza PET, falë një lidhjeje të biznesit mes kompanisë "Kroni", i vetmi riciklues i PET-it në Kosove dhe "CSG Werkzeug Maschinen Service GmbH" në Gjermani, lidhje kjo e realizuar nga Programi për Ndërmarrje Private të Kosovës "Dërgesa prej 22 tonë petëza PET, që ka gjasa reale për t'u shndërruar në një kontratë njëvjeçare. Gjithashtu është një hap shumë i rëndësishëm dreit zhvillimit të industrisë së riciklimit të PET-it në Kosovë, ka thënë drejtori i Programit për Ndërmarrje Private në Kosovë, David Cowles. Strategjia e Programit për Ndërmarrje Private në Kosovë (KPEP) është përqendruar në Strategjia punën me kompani dhe përpunues ekzistues në riciklim për të identifikuar mbledhjen apo përpunimin e plastikës dhe materialeve të tjera të riciklueshme. Programi për Ndërmarrje Private të Kosovës është një aktivitet katërvjeçar i krijuar për të stimuhuar ekonominë e Kosovës duke rritur aftësinë konkurruese të biznesit privat, i përkrahur nga populli amerikan përmes Agjencisë për Zhvillim Shteteve të Bashkuara (USAID). Buxh do të USALIE MILITAN GARETEI efikasitet hyrav Prishtinë, 28 prill - Gjatë prillit 2010, Programi për dhe të shum Ndërmarrje Private në Kosovë i USAID-it organizot një mëny trajnim me fermerê tê Krushës së Madhe, Celinës, Xërxës fitues dhe Mamushës për kultivimin e perimeve. Trajnimi u impledhe mentua nga MASHAV, Agjencia e Izraelit për Zhvillim dhe fitues Bashkepunim Ndërkombëtar. "Strategjia e KPEP-it për bujqësi plo zhvillohet rreth arritjes së kërkesave të tregut për përmirësimin e cilësisë së produkteve dhe zgjedhjes së varieteteve, së bashku me përmirësimin e trajtimit dhe ruajtjes në qendrat grumbulluese. KPEP i ka zgjedhur domatet dhe specat", tha këshilltari për Bujqësi i Programit për Ndërmarrje Private, John Mackillop. Falë mundësimit nga USAID, në vitin 2009, Fermerët e Asociacionit Perdrini eksportuan mbi 2000 Mt të specave për përpunim në Maqedoni, Shqipëri dhe më gjerë në rajon. Pos kësaj, USAID i ka dhuruar dy makina për mbjelljen e fidanëve, për të vazhduar mbështetjen për pjesëmarrje të një grupi të agronomëve dhe furnizuesve të farës në Panairin Growtech të Turqisë, për të identifikuar varietete të reja hibride të specit, si dhe i ka ndihmuar në fillimin e katër parcelave testuese të specave dhe shalqirit në katër lokacione të Kosovës. USAID po ashtu ka siguruar dy agronome dhe një specialist marketingu për asociacionin, për t'iu ndihmuar atyre me kultivimin e specave, vjeljes dhe paketimit për eksport.

C. PROGRAMMATIC AND ADMINISTRATIVE SUPPORT

The PMU is an integral part of the team's communications, leadership, and technical delivery working collaboratively with the field, Booz Allen headquarters, and USAID. At Booz Allen, the PMU provides not only backstopping programmatic support, but also ensures the firm's lessons learned, experience and corporate values are properly integrated and disseminated throughout the project team. The PMU serves as a liaison, advisor, and as technical subject matter and research experts to ensure successful project implementation and client satisfaction.

The PMU was responsible for developing and finalizing all major client deliverables, including Quarterly Reports and Staffing Plans. The PMU conducted analytical research in support of the field technical needs and provided substantive input to various research and business practices projects. The PMU has developed contextual indicators that are used for evaluating the performance of the project, and this quarter, conducted research on heavy equipment operator training centers (HEOTCs), as well as on various legal and regulatory issues, including the VAT requirements for business. This research has been instrumental in the field, including most recently, with the creation of a business plan for an HEOTC in Kosovo. Finally, PMU actively participated in the sector selection process in the beginning of the project.

To ensure the most efficient use of funds, PMU has developed a comprehensive financial management tool that will allow the Chief of Party (COP) to implement KPEP most effectively. PMU has prepared and submitted accruals report to USAID on a quarterly basis. The Unit has reviewed and reconciled Operations Expense Reports working closely with field staff to adjust/correct, where necessary.

For the quarter of April through June 2010, the PMU has mobilized 15 short term technical specialists, including a wood processing specialist, a forestry specialist, an architectural licensing specialist, two association experts, two legal and regulatory specialists, a mergers & acquisitions specialist, three foreign direct investment specialists, a business/financial advisor, a customer relations management specialist, a road construction specialist, and a road lecturer. The mobilization processes included arrangement of contract agreements, processing of the staffing approval authorizations, processing of the mobilization paperwork, and support in invoicing. In addition, we processed and received approval documentation for a trade policy specialist, a legislative advisor, a grants specialist, a wine tourism specialist, two furniture designers, a business/financial advisor, a Project Coordinator, and seven CCNs. These included a fruit consultant, a senior competitiveness specialist, two forestry specialists, as well as specialists in the areas of workforce development, foreign direct investment, and road construction. Finally, we processed and received approval documentation for a new Deputy Chief of Party.

Further, the PMU added a new subcontractor to the project. Texas Transportation Institute (TTI), part of the Texas A&M Research Foundation, was added as a subcontractor to assist with KPEP's objective for the road construction subsector. This includes improving road design capabilities, procurement processes, and building the capacity of construction contractors and the construction workforce. Initiatives will include assisting with the prefeasibility and design services for a road which will serve as a best practice study and training students and practitioners in the road design arena on best practices. TTI advisors will also be commenting on Kosovo's Construction Law.

The PMU served as a liaison between the project field team and our project subcontractors, and initiated and completed the various modifications necessary to field both independent consultants and subcontractor staff. This has included the preparation of statements of work (SOWs) and budgets for those team members. PMU has processed and completed all the corresponding deployment and mobilization documentation including conducting appropriate due diligence for all candidates and providing support in all aspects of the mobilization from arranging contract terms through the final invoicing.

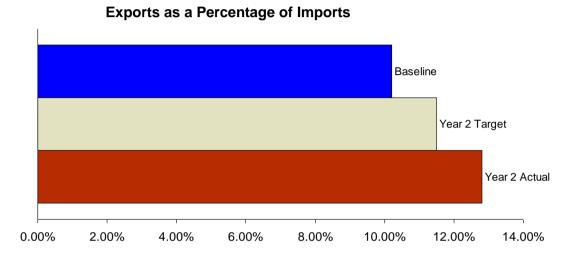
Annex 1. Report on Indicators

IR.1.3 (1) Accelerated Growth of Private Sector

Indicator: Exports as a Percentage of Imports – Kosovo Wide

Definition of the indicator: The total value of exports divided by the total value of imports, by sector.

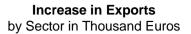
Data Source: Data is received from the Statistical Office of Kosovo (SOK).

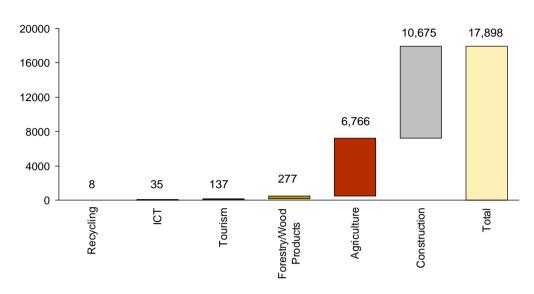


Quarterly Results: The total value of exports divided by the total value of imports. This report contains the data from October 2009 until May 2010, which is the last month that data is available from SOK. Value of exports for this period was €164.8 million, while imports were at the amount of €1,289.7 million, which represents 12.8 percent exports/imports coverage. However, the exports/imports coverage ratio on Kosovo level is showing a steady increase. While for the last three months of 2009, the exports/imports coverage ratio was 9.88%, and in the first quarter of the CY 2010 was 13.66 %, in the second quarter of the CY 2010 this ratio was 16.20%. In May 2010, this ratio was the highest reported in the period after the war in Kosovo. Exports in May were at €33.0 million, highest value of the exports recorded, while imports were €180.6. So, the exports/imports coverage ratio for the month of May was 18.3%.

The data collected from KPEP client enterprises indicate that exports to date were €19.1 million, while the imports were €30.3 million. So, the exports/imports coverage is 63.0 percent, significantly higher than Kosovo wide indicator. Comparing to the baseline data, exports increased by €17.9 million. The graph below shows the increase in exports by KPEP targeted sector.

Indicator:



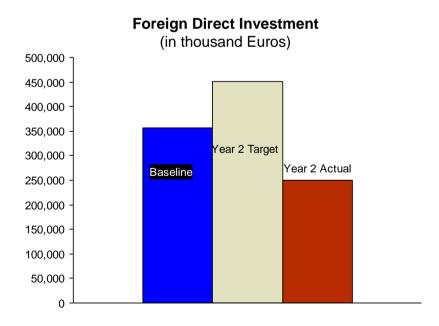


IR.1.3 (2) Accelerated Growth of Private Sector

Definition of the indicator: Value of foreign private investment. Enterprise investment is defined as spending related to operational capital, technology, land, and infrastructure.

Data Source: Baseline data was received from Central Bank of the Republic of Kosovo.

Foreign Direct Investment - Kosovo Wide



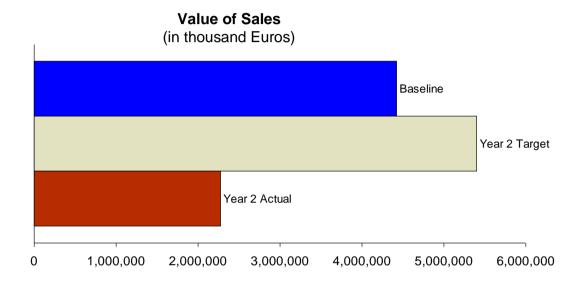
Quarterly Results: This indicator is reported annually. The FDI data show a declining trend in the last three years. In 2007, new FDI was €440.7 million, in 2008 was €366.5 million and in 2009 was €291.5 million. During the presentation of their Annual report for 2009, representatives of the Central Bank of Kosovo estimated that this year the decline in FDI will stop.

IR.1.3 (3) Accelerated Growth of Private Sector

Indicator: Value of sales, by sector – Kosovo Wide

Definition of the indicator: Value of goods and services sold during the year measured as gross business sales.

Data Source: The data for this indicator has been collected from the Tax Administration of Kosovo.



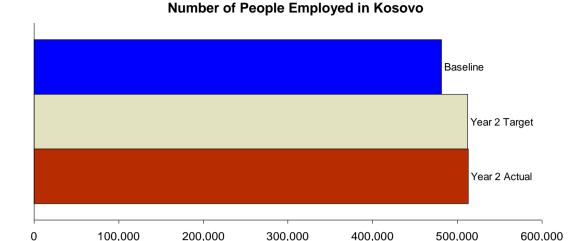
Quarterly Results. The baseline includes the data for the period January-December 2008. Although this indicator is reported annually, KPEP has collected the data for the period October 2009- June 2010, from the beginning of the US 2010 fiscal year. The cumulative data for this period is at €2,272 million. During this quarter alone, the sales reported to the Tax Administration were at €408.5 million. Targets for this indicator are set by Tax Administration of Kosovo.

IR.1.3 (4) Accelerated Growth of Private Sector

Indicator: Number of people employed, by sector – Kosovo Wide

Definition of the indicator: Number of people employed, disaggregated by sector.

Data Source: The baseline data for this indicator was collected from the Macroeconomic Department of MEF. The actual quarterly data is collected from the Department for Labor and Employment (DLE) of Ministry of Labor and Social Welfare (MLSW).



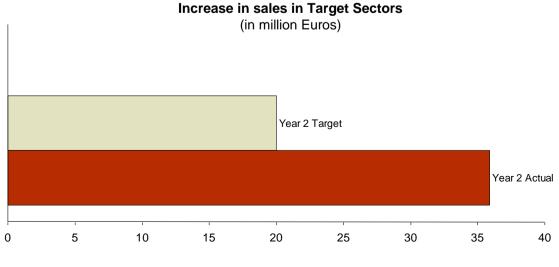
Quarterly Results. The baseline data shows that there are 481,000 people employed in Kosovo, although this is the best estimate, since there is no data on how many individuals are employed in the private sector but not legally registered as employees. The data received from DLE of MLSW regarding employment is as of May 2010 (report "Information on Labor Market in Kosovo", May 2010). Two main categories of this report are entries and exits. According to the DLE explanation in the report, by 'entries' they mean 'new people that register as unemployed', while by 'exits' they mean 'people that left unemployment bureau and eventually got employed'. Number of exits (people employed) for this quarter (April and May figures) is 6,258, while number of new entrants was 3,333. So, using this methodology we can conclude that there are currently 512, 837 people employed. Yet, we don't have the confidence that this methodology is reflecting reasonably the actual number of people employed in Kosovo.

IR.1.3.1 (1) Increased Competitiveness of Key Sectors

Indicator: Increase in Sales in Target Sectors

Definition of the indicator: Value of goods and services sold during the year is measured as gross business sales. It is an aggregate of all business sales related to the sector over a given period. This is measured for enterprises that receive KPEP support directly, through SAF or from specific transactions supported by KPEP.

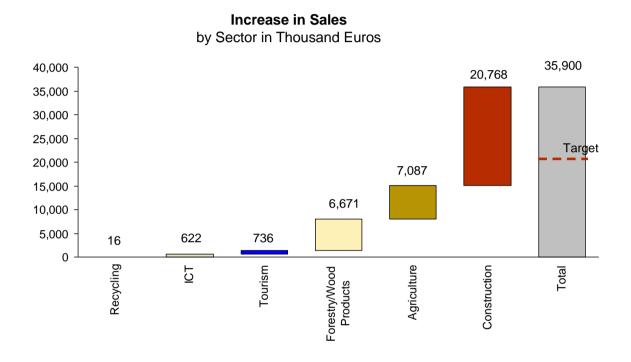
Data Source: Data received from sector specialists.



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Quarterly Results. The annualized baseline value of sales is \in 98,654,736 which represents the baseline sales data for 60 companies. The cumulative target for Year 2 is an increase of sales of \in 20,000,000. Cumulative increase to date is \in 35,899,964, which means that KPEP already exceeded Year 2 target.

The main contributor to this increase is the construction sector, as it is shown in the graph below.

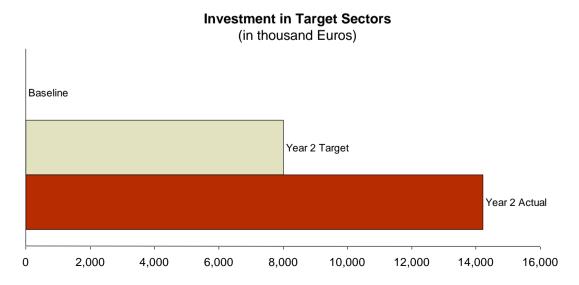


IR.1.3.1 (2) Increased Competitiveness of Key Sectors

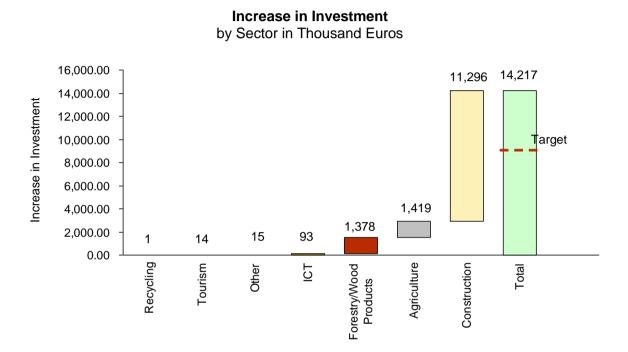
Indicator: Increase in investments in target sectors

Definition of the indicator: Value of capital investments disaggregated by target enterprise, micro enterprise and by sector.

Data Source: Data received from sector specialists.



Quarterly Results. The cumulative value of investments to date is $\\\in 14,217,087$. Since the baseline figure was set at zero, the total value of investments in fact represents the total increase in investments. The cumulative target for Year 2 is an increase in investments of $\\\in 8,000,000$, the target already exceeded. The main contributor to this increase is still the construction sector.



IR.1.3.1 (3) Increased Competitiveness of Key Sectors

Indicator: Increase in jobs created in target sectors

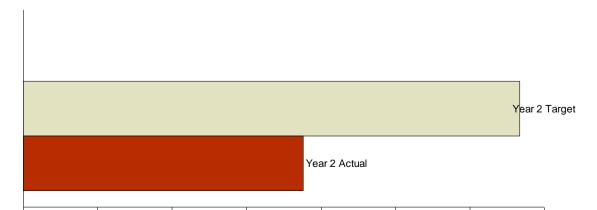
Definition of the indicator: Number of jobs created, disaggregated by target enterprise micro enterprises, and by sector, in terms of full-time equivalent jobs in target enterprises. Person days of employment (part-time employment) are converted to annual full-time equivalent - FTE jobs using 225 days of labor per year.

Data Source: Data received from sector specialists.

600

0

300



Increase in FTE Jobs in Target Sectors

2,100

1,200

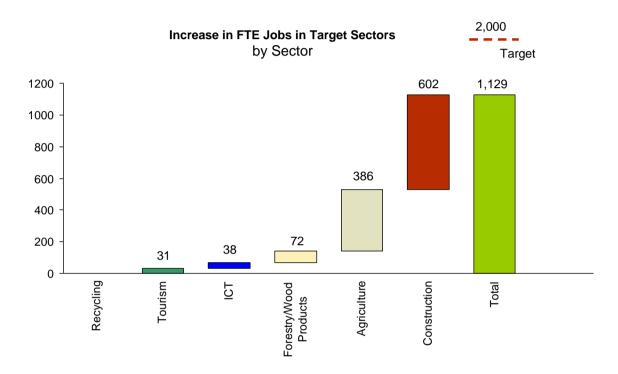
1,500

1,800

900

Quarterly Results. The cumulative target for Year 2 is an increase of FTE jobs by 2,000. The cumulative increase of FTE jobs at KPEP client enterprises to date is 1,129 FTE jobs, which is still below to the Year 2 target. While KPEP is below its job creation target, the project has been able to achieve 69 percent increase in full time jobs comparing to the baseline. The multiplier effect for the total increase in employment for the LOP is 1,899 FTE jobs, although multipliers were not calculated for all sectors.

During this quarter alone, the increase in FTE jobs was 420. Below is provided the structure of the LOP increase in FTE jobs by sector. The main contributor to this increase is again the construction sector.



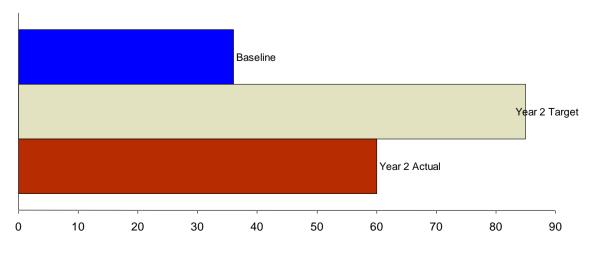
IR.1.3.1 (4) Increased Competitiveness of Key Sectors

Indicator: Number of enterprises assisted in target sectors

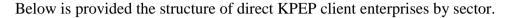
Definition of the indicator: Number of enterprises assisted directly by the project, disaggregated by micro enterprise.

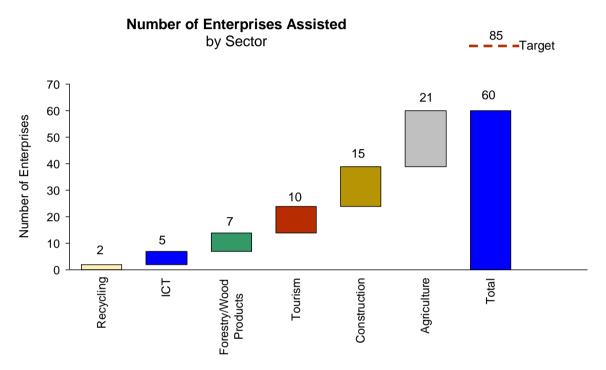
Data Source: Data is received from sector specialists.

Number of Enterprises Assisted in Target Sectors



Quarterly Results. To date, there are 60 direct KPEP enterprises. These companies have signed agreement of cooperation with KPEP and receive continuous support from KPEP. In return, these companies provide KPEP with their quarterly data on their key performance indicators. The cumulative target number for Year 2 is set to 85 enterprises. During this quarter, three new companies were added to the PBMS system. The reach of KPEP in the private sector is much wider than this. KPEP's activities reach more than 500 companies.



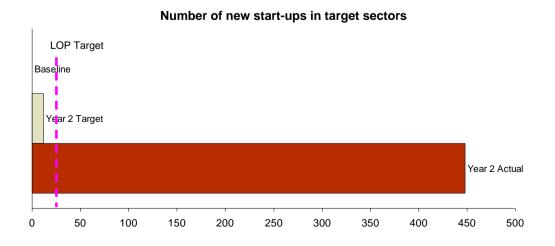


IR.1.3.1 (5) Increased Competitiveness of Key Sectors

Indicator: Number of new start-ups in target sectors, Kosovo wide

Definition of the indicator: Number of new start ups, disaggregated by micro enterprise and sector.

Data Source: Data is received from the Agency for Business Registry (ABRK) of the Ministry for Trade and Industry (MTI).



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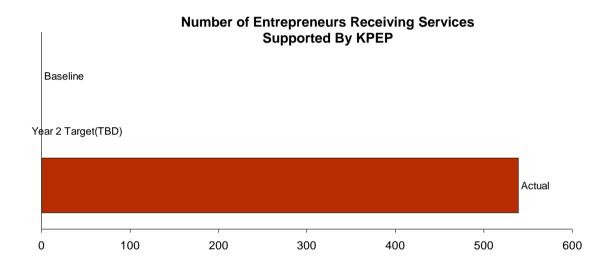
Quarterly Results. This indicator is reported annually. The current figure is 448 new enterprises registered for the period October 1, 2008 to September 30, 2009.

IR.1.3.1 (6) Increased Competitiveness of Key Sectors

Indicator: Number of entrepreneurs receiving services supported by USAID

Definition of the indicator: Number of entrepreneurs receiving services directly by KPEP or indirectly through associations supported by USAID

Data Source: Data received from sector specialists.



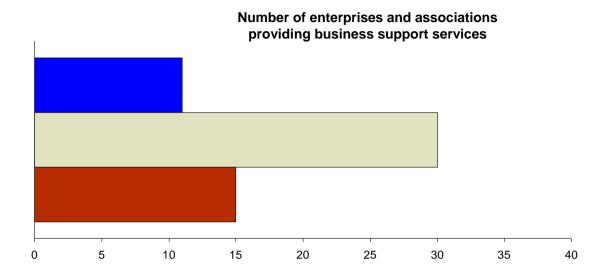
Quarterly Results. Any service provided, other than training (which is reported under Indicator 1 on workforce development component) is included and reported under this indicator. The list of services provided, among others, includes: study tours, HACCP assessment survey, trade and business linkages, etc. To this list are added also enterprises which are not direct KPEP clients but that received KPEP support through grants and subcontracts. To date, the total number of 539 entrepreneurs received services supported by KPEP.

IR.1.3.2 (1) Improved and Demand Driven Business Support Services

Indicator: Number of enterprises and associations providing business support services

Definition of the indicator: Number of enterprises and associations providing business support services that are assisted by KPEP.

Data Source: Data received from sector specialists and BSS team.



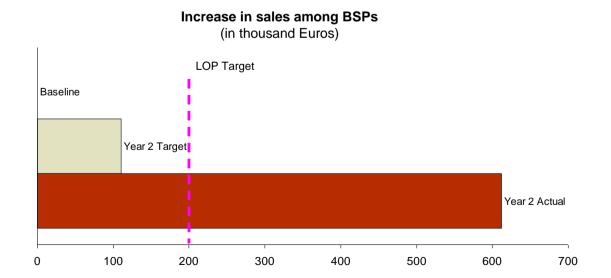
Quarterly Results. The total number of 15 BSPs are on the list of KPEP assisted BSPs. The companies that are on this list belong to two groups supported by KPEP: enterprises which participated on Premier Advisor Training program, and companies that are twinning partners of international consultants that are engaged with KPEP program. This number is still below the Year 2 cumulative target of 30 BSPs. No new companies were added during the quarter. In consultation with USAID, we have deemphasized the support to the BSPs.

IR.1.3.2 (2) Improved and Demand Driven Business Support Services

Indicator: Increase of sales among BSPs

Definition of the indicator: Value of sales among targeted BSPs, supported by KPEP and disaggregated by export sales.

Data Source: Data received from sector specialists and BSS team.



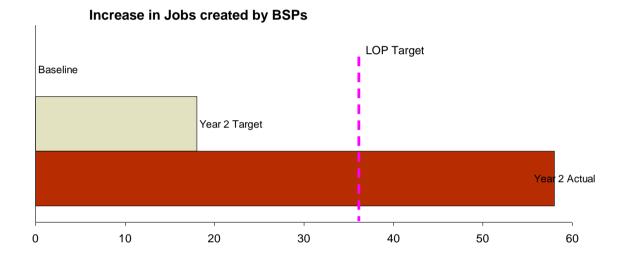
Quarterly Results. The target cumulative increase in sales for Year 2 is $\in 110,000$ over the baseline. The cumulative increase in sales to date is $\in 611,906$, which already exceeds LOP target increase in sales of $\in 200,000$. During this quarter alone, there was an increase in sales comparing to the baseline data of $\in 120,808$.

IR.1.3.2 (3) Improved and Demand Driven Business Support Services

Indicator: Increase in jobs created among USAID supported BSPs

Definition of the indicator: Number of jobs created, among target business service providers, in terms of full-time equivalent jobs. Person days of employment (part-time employment) are converted to annual full-time equivalent - FTE jobs using 225 days of labor per year.

Data Source: Data received from sector specialists and BSS team.



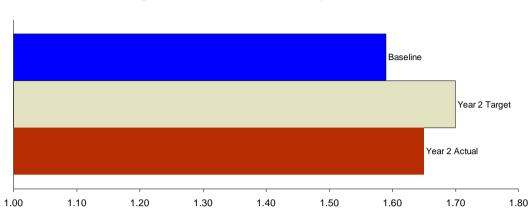
Quarterly Results. The target cumulative increase in FTE jobs over baseline for Year 2 is 18. The cumulative increase in FTE jobs to date is 58, which already exceeds LOP target increase of 36 FTE jobs.

IR.1.3.2 (4) Improved and Demand Driven Business Support Services

Indicator: Progress on the Association Development Index

Definition of the indicator: Progress made by associations on eight elements of the Association Development Index for associations targeted by KPEP. The "Association Development Index as Applied to Selected Associations in Kosovo" assessment was conducted for associations of various businesses in the Republic of Kosovo. Sixteen business associations were chosen for this purpose. The data was collected using an evaluation tool/questionnaire, i.e. the Association Development Index, provided by USAID KPEP. The Index identified eight elements key to effective association management and was supplemented with questions to enhance understanding of each element. Evaluations of the individual associations were used to create the overall recommended baseline. That baseline was developed using statistical averages of mean, median and mode. The recommended baseline is 1.59, which is the median score. The idea is to conduct this type of assessment each year to monitor the progress of associations.

Data Source: Annual survey was conducted during September 2009.



Progress on the Association Development Index

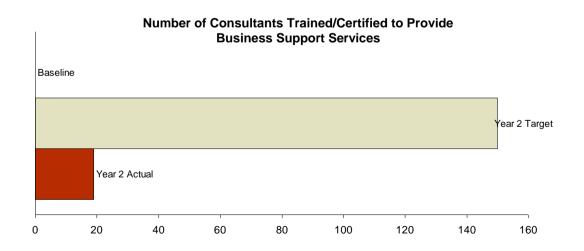
Quarterly Results. No changes to report during this quarter. The graph shows the current score of the progress on ADI which is at 1.65 median score as of September 30, 2009. This indicator is reported only on annual basis. The next annual survey will be conducted during September 2010.

IR.1.3.2 (5) Improved and Demand Driven Business Support Services

Indicator: Number of consultants trained/certified to provide business support services

Definition of the indicator: Number of consultants trained/ certified to provide business support services, trained by KPEP or a target BSP, supported by USAID.

Data Source: Data received from sector specialists and BSS team.



Quarterly Results. The cumulative target for the number of consultants trained or certified to provide business support services for Year 2 is 150. No changes were reported during this quarter, since USAID asked from KPEP to deemphasize the work with consulting firms. The

actual result presented in the chart is the same as in the previous quarter. During the first year, 19 consultants were certified in the "Kosovo Premier Advisor" training course.

IR.1.3.3 (1) Improved Business Operating Conditions

Indicator: Progress on the Business Environment Index (BizCLIR)

Definition of the Indicator: The mechanism for monitoring the BEE is the set of Commercial Legal Institutional Reform Assessment Indicator scores compiled for USAID in 2004 and updated in 2006. A 2009 update conducted by KPEP established a baseline, and subsequent updates will chart progress of indicators and subcategories relevant to KPEP activities each year.

Data Source: Annual survey has been conducted on January 2010 to update BizCLIR Index for 2009.

Contracts Contracts Contracts 34% International Trade International Trade International Trade 67% FDI FDI FDI 58% 10% 20% 30% 40% 50% 60% 70% 80%

Progress on BizCLIR Indicators

Quarterly Results. The 2010 BizClir indicator scoring suggested improvements in the following KPEP-relevant areas:

- Contracts: No improvements were seen in the Supporting Institutions or Social Dynamics areas, though there was some small improvement in the scores for Implementing Institutions;
- International Trade: Small improvements were scored in all areas except for the Legal Framework; and,
- FDI: We saw some rather significant improvement in both the Supporting Institutions and Social Dynamics Sections.

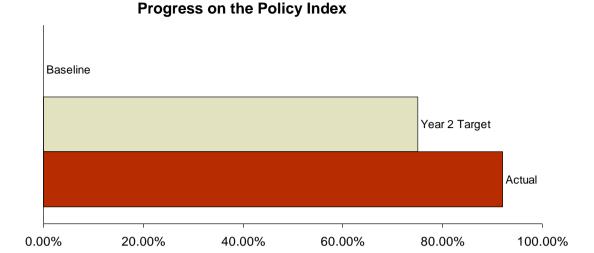
Next BizClir survey will be conducted on January 2011.

IR.1.3.3 (2) Improved Business Operating Conditions

Indicator: Progress on the policy index

Definition of the Indicator: The number of policies that have met or exceeded established targets on the policy index using percentage of completion.

Data Source: Data received from BEE team.



Quarterly Results. During this quarter, BEE team worked on two policies:

- CEFTA implementation, and
- Pilot Forest certification.

Overall score for all policies to date is 92%, calculated as weighted average for completion of all policies taken together. The target set for the Year 2 on Policy index is set at 75%.

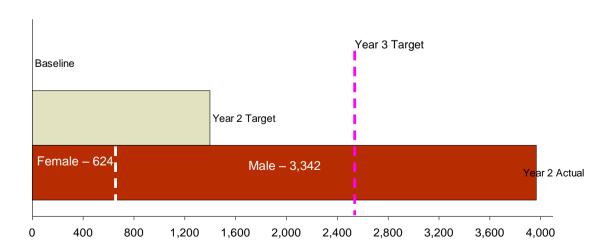
IR.1.3.4 (1) Improved Capacity of the Workforce to Engage in Employment Opportunities

Indicator: The number of individuals trained through USAID sponsored training

Definition of the indicator: The number of individuals trained, disaggregated by gender, age, ethnicity, sector, type of training etc.

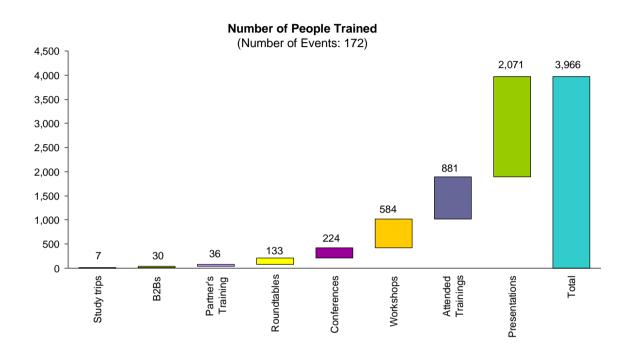
Data Source: Data received from sector specialists and WFD team.

Number of People Trained



Quarterly Results. To date, the number of people trained is 3,966, thus exceeding the LOP target of 3,000 people trained. During this quarter alone, the number of people trained was 1,091. From this number, 951 were male and 140 female, 16 were the people from minority areas, and 256 were below 25 years old.

Below is the chart that presents number of training events, and number of people trained by training category for the LOP.



IR.1.3.4 (2) Improved Capacity of the Workforce to Engage in Employment Opportunities

Indicator: Number of training certifications

Definition of the indicator: Number of training certifications earned by participants for completing the training.

Data Source: Data received from sector specialists and WFD team.



135

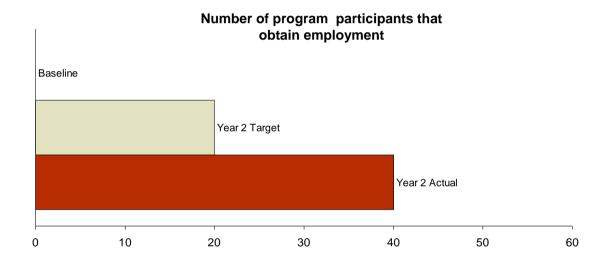
Quarterly Results. To date, the number of training certifications earned by participants for completing the training is 252. There were two events held during this quarter resulting in 157 participants earning certificates: "Greenhouse as a business"- 6 certificates and VET/VTC promotional event - Carpentry day in six municipalities.

IR.1.3.4 (3) Improved Capacity of the Workforce to Engage in Employment Opportunities

Indicator: Number of program participants that obtain employment

Definition of the indicator: Number of program participants that obtain employment, disaggregated by gender, ethnicity.

Data Source: Data received from sector specialists and WFD team.



Quarterly Results. To date, in total 40 people obtained employment with support of KPEP program. During this quarter alone, 10 people are employed as a result of completing the training program "Entrepreneurship training", two participants that participated in the "Amcham Job Fair" and one participant of the "Business Case Challenge 2010" competition.

IR.1.3.4 (4) Improved Capacity of the Workforce to Engage in Employment

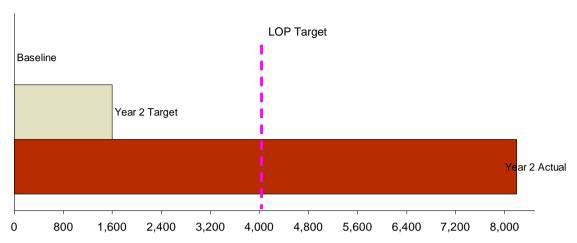
Opportunities

Indicator: Number of individuals provided with services

Definition of the Indicator: Number of individuals provided with services, disaggregated by type of service: counseling, referrals, placement, gender and ethnicity. It excludes number of people trained since it is reported under Indicator of IR.1.3.4 (1).

Data Source: Data received from sector specialists and WFD team.





Quarterly Results. To date, the number of individuals provided with services is 8,201. The LOP cumulative target number, which is set at 4,000 individuals provided with services by the end of FY 2012, has already been exceeded. The data reported derive from events and activities organized or supported by WFD component and other components. The data on the people participating in trade fairs is also included in this number. During this quarter alone, the number of individuals provided with services was 699.

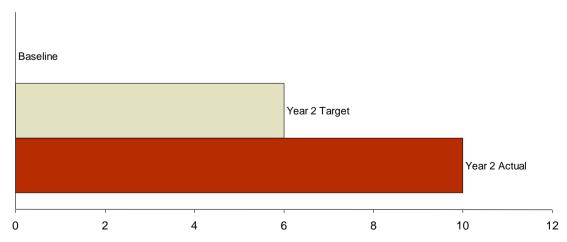
IR.1.3.4 (5) Improved Capacity of the Workforce to Engage in Employment Opportunities

Indicator: Number of Internship programs

Definition of the Indicator: Internships include any sort of embedded training or on the job training.

Data Source: Data received from sector specialists and WFD team.

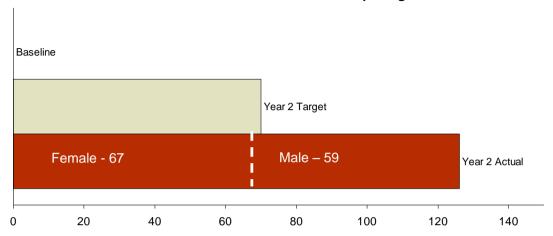
Number of Internship Programs



Quarterly Results. To date, KPEP organized ten different activities related to internships. Four internship programs started during this quarter: Accounting and Financial Analysis-

Phase Two, Business Case Challenge 2010, Amcham Job Fair, Business and Economic Interns Phase Two. Also it continues the internship program "Wood Industry Internship: started during the last quarter. All these programs are ongoing. Total number of interns participating in the internship programs to date is 126. In this quarter alone, this number is 62.

Number of Students in Internship Programs

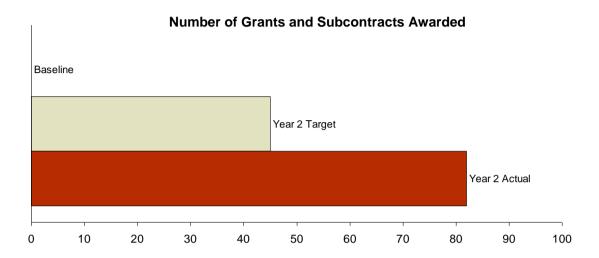


Strategic Activities Fund

Indicator: Number of grants/sub-contracts

Definition of the Indicator: Number of grants and sub-contracts awarded.

Data Source: Data received from SAF specialist.

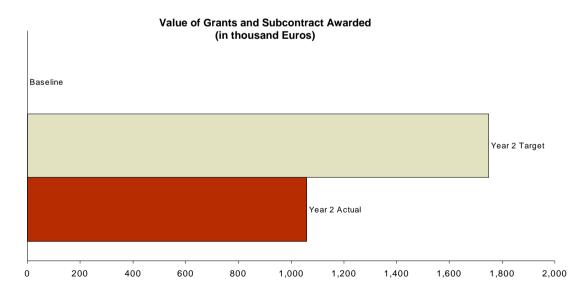


Quarterly Results. To date, there were 82 grants and sub-contracts awarded. During this quarter alone, there were 27 grants and sub-contracts awarded.

Indicator: Value of grants and sub-contracts

Definition of the Indicator: Value of grants and sub-contracts awarded.

Data Source: Data received from SAF specialist.



Quarterly Results. To date, the value of grants and sub-contracts awarded was €1,059, 199. During this quarter alone, the value of grants and sub-contracts awarded was €267,976.

Annex 2. PMP Report - Annual Goals and Results

SO# IR#	SO Name	Unit measure	Base-line Year	Base-line Value	2009 Target	2009 Actual	2010 Target	2010 Actual	2011 Target	2011 Actual	2012 Target	2012 Actual
1.3	Accelerated Growth of Private Sector											
Indicators												
1 (AR)	Exports as % of imports, by sector	Percent	2008	10.2%	11.0%	12.8%	11.5%	12.8%	12.0%	0.0%	13.0%	0.0%
2	Foreign direct investment, by sector	Thousand Euros	2008	357,400	430,000	291,500	451,000	291,500	475,000	0.0	500,000	0.0
3	Value of sales, by sector	Thousand Euros	2008	4,418,000	4,900,000	4,552,795	5,400,000	2,272,199	6,000,000	0	6,700,000	0
4	Number of people employed, by sector	Number	2008	481,000	488,000	496,708	512,000	512,837	523,000	0	534,000	0
1.3.1	Increased Competitiveness of Key Sectors											
Indicators												
1	Increase in sales in target sectors	Euros	2008	84,694,403	8,000,000	13,177,698	20,000,000	35,899,964	40,000,000	0	50,000,000	0
	% increase in sales over current baseline	Percent	2008	0	9.4%	25.7%	20.3%	36.4%	40.5%	0.0%	59.0%	0.0%
2	Increase in investments in target sectors	Euros	2008	0	3,200,000	9,570,686	8,000,000	14,217,087	16,000,000	0	20,000,000	0
3 (AR)	Increase in jobs created in target sectors	Number	2008	1,540	800	293	2,000	1,129	4,000	0	5,000	0
4	Number of enterprises assisted in target sectors	Number	2008	36	61	47	85	60	110	0	140	0
5	Number of new start-ups in target sectors	Number	2008	0	7	448	12	448	16	0	20	0
6	Number of entrepreneurs receiving services supported by USAID	Number	2008	0	0	496	TBD	539	TBD	0	TBD	0

1.3.2	Improved and Demand Driven Business Support Services											
Indicators												
1	Number of enterprises and associations providing business support services	Number	2008	11	20	15	30	15	35	0	40	0
2	Increase of sales among BSPs	Euros	2008	1,228,873	40,000	236,566	110,000	611,906	150,000	0	200,000	0
3	Increase in jobs created among USAID supported BSPs	Number	2008	90	8	23	18	58	31	0	36	0
4	Progress on the Association Development Index	Median score	2008	1.59	1.60	1.65	1.70	1.65	1.90	0.00	2.00	0.00
5	Number of consultants trained/certified to provide business support service	Number	2008	0	70	19	150	19	240	0	300	0
1.3.3	Improved Business Operating Conditions											
Indicators												
1	Progress on the Business Environment Index (BizCLIR)											
1.1	Contracts	Percent	2008	18%	25%	0%	32%	34%	40%	0%	50%	0%
1.1.1	Supporting Institutions (B.3)	Percent	2008	10%	15%	0%	19%	21%	24%	0%	30%	0%
1.1.2	Social Dynamics (B.4)	Percent	2008	26%	35%	0%	44%	41%	55%	0%	69%	0%
1.2	International Trade	Percent	2008	34%	41%	0%	49%	67%	59%	0%	70%	0%
1.2.1	Legal Framework (H.1)	Percent	2008	41%	45%	0%	53%	82%	63%	0%	74%	0%
1.2.2	Implementing Institutions (H.2)	Percent	2008	27%	40%	0%	47%	45%	56%	0%	65%	0%
1.2.3	Supporting Institutions (H.3)	Percent	2008	35%	40%	0%	47%	73%	56%	0%	65%	0%
1.2.4	Social Dynamics (H.4)	Percent	2008	34%	40%	0%	50%	61%	62%	0%	76%	0%

USAID Kosovo Private Enterprise Program (KPEP)

1.3	Foreign direct investment, by sector	Percent	2008	40%	48%	0%	52%	58%	55%	0%	60%	0%
1.3.1	Legal Framework (K.1)	Percent	2008	43%	45%	0%	49%	74%	52%	0%	57%	0%
1.3.2	Implementing Institutions (K.2)	Percent	2008	36%	45%	0%	49%	53%	52%	0%	57%	0%
1.3.3	Supporting Institutions (K.3)	Percent	2008	54%	60%	0%	65%	76%	70%	0%	76%	0%
1.3.4	Social Dynamics (K.4)	Percent	2008	28%	40%	0%	43%	43%	47%	0%	50%	0%
2	Progress on the policy index	Percent	2008	0	70%	72%	75%	92%	TBD	0	TBD	0
1.3.4	Improved Capacity of the Workforce to Engage in Employment Opportunities											
Indicators												
1	The number of individuals trained through USAID sponsored training	Number	2008	0	700	1,620	1,400	3,966	2,500	0	3,000	0
2	Number of training certifications	Number	2008	0	80	20	160	252	275	0	325	0
3	Number of program participants that obtain employment	Number	2008	0	TBD	2	20	40	100	0	150	0
4	Number of individuals provided with services	Number	2008	0	800	7,326	1,600	8,201	3,500	0	4,000	0
5	Number of internships	Number	2008	0	3	3	6	10	8	0	10	0
	Strategic Activities Fund											
Indicators												
1	Number of grants/sub-contracts	Number	2008	0	20	26	45	82	70	0	90	0
2	Value of grants and sub-contracts	Euros	2008	0	400,000	447,837	1,750,000	1,059,199	2,370,000	0	2,625,000	0